FBIS DAILY REPORT

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AREA DEPUTY MINISTERS MEET IN TEGUCIGALPA

PA021633 Tegucigalpa Television Hondurena in Spanish 0130 GMT 2 Aug 85

[Excerpts] The deputy foreign ministers of El Salvador, Costa Rica, and Honduras met today in Tegucigalpa to discuss ways to speed up the process of peace in the region. The three countries are interested in firmly contributing to the process begun by the Contadora Group countries. Gerardo Trejos of Costa Rica, Ricardo Acevedo Peralta of El Salvador, and Tomas Arita Valle of Honduras began their meeting at 0900 to evaluate the progress of the peace negotiations.

Salvadoran Deputy Foreign Minister Acevedo Peralta explained their proposal for an expanded commission.

[Begin recording] [Acevedo Peralta] We call this the expanded technical group which is at the deputy foreign ministers level.

[Reporter] It includes the nine countries?

[Acevedo Peralta] Yes, of course. We are stating that what the Contadora Group has lacked is some permanence in the study and analysis of the specific problems in order to reach a consensus. Therefore, we are suggesting that if one really wants to speed up the pacification process, the expanded technical group must be institutionalized so it can analyze important aspects that are still pending and so that we will not have such large gaps between the meetings since such interruptions harm the dialogue process. [end recording]

Acting Honduran Foreign Secretary Arita Valle expressed satisfaction over this morning's meeting. He said that the Contadora Group foreign ministers will arrive in Tegucigalpa on Monday to learn about today's meeting of the Central American deputy foreign ministers.

Costa Rica's Trejos on Meeting

PA021600 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 2 Aug 85

[Text] The deputy foreign ministers of El Salvador, Costa Rica, and Honduras met unexpectedly yesterday in Tegucigalpa to analyze common positions that will be proposed to the Contadora Group. Gerardo Trejos, Costa Rican deputy foreign minister, said: Costa Rica's relations [with Nicaragua] have reached a high level of tension but we are confident that there will be an easing in the next few weeks.

[Begin recording] [Question] Can you tell us what was the purpose of the meeting that the deputy foreign ministers of Costa Rica, Honduras, and El Salvador held on Thursday in Tegucigalpa?

[Trejos] (?The purpose was) to express or reiterate our support for the Contadora process and to express the three countries' willingness to speed up the Contadora negotiating process so that we will soon see positive, concrete results.

[Question] What obstacle do you see to the achievement of the Contadora Group's peace goal?

[Trejos] There are various obstacles. In a press communique that we will release to journalists (?we will mention) the slowness with which the negotiations are being carried out because the plenipotentiaries meet 2 or 3 days at intervals of 3 or 4 weeks. In a letter that we are sending to the Contadora Group foreign ministers via telex, we are proposing that a permanent commission of plenipotentiaries be appointed so that it can continue the negotiations.

[Question] What is your opinion of the recent meeting held on Contadora Island by the foreign ministers of Mexico, Venezuela, Colombia, and Panama?

[Trejos] The countries that have met here want to continue negotiating within the framework of Contadora.

[Question] Regarding the situation with Nicaragua, will Costa Rica break diplomatic relations?

[Trejos] As you know, relations with Nicaragua have reached a high level of tension in the last few hours but I have hopes that this tension will decrease in the next few days. When things reach their highest level, they tend to dissipate. I know that in all, and I stress the word all, the governments of Central America there are people of goodwill who want peace. Let us hope that their views in favor of peace will prevail. [end recording]

Deputies Send Note to Contadora Ministers

PA040208 Tegucigalpa EL HERALDO in Spanish 2 Aug 85 p 3

[Note from Deputy Foreign Ministers Jose Tomas Arita Valle of Honduras, Ricardo Acevedo Peralta of El Salvador, and Gerardo Trejos of Costa Rica to the foreign ministers of Colombia, Mexico, Panama, and Venezuela]

[Text] Tegucigalpa, 1 August

Dear Ministers:

The acting foreign minister of Honduras and the deputy foreign ministers of Costa Rica and El Salvador, in a meeting held on 1 August in Tegucigalpa to evaluate the Contadora Group negotiation process for maintaining peace in Central America, and considering the communique issued by the foreign ministers of the Contadora Group on 22 July at Contadora Island, have decided on behalf of our respective governments to send the following note to Your Excellencies.

The governments of Costa Rica, El Salvador, and Honduras support the negotiations to maintain peace in the region. Therefore, they appreciate and congratulate the democratic governments of Colombia, Mexico, Panama, and Venezuela for the effort and dedication to the cause of peace under the empire of freedom and democracy in Central America.

Our governments agree on carrying out a diplomatic action that will permit the Central American governments to resolve their differences through dialogue and political negotiation in order to maintain peace. We also agree on continuing efforts to attain at the plenipotentiaries meetings in Panama the specific agreements established in the Document of Objectives issued in September 1983.

Our peoples and governments agree that it is important to resume the plenipotentiaries negotiations at the previously advanced stage. Unfortunately and by unilateral decision of one of the participant states, the negotiations were suspended in the 18 June meeting. The governments of Costa Rica, El Salvador, and Honduras are ready to resume the conversations at the plenipotentiaries level in Panama City on the date set by the Contadora Group and to start the full discussion of the points accepted by all parties for the agenda of the 18 and 19 June meeting. Therefore, it is necessary to persuade the party that called off the last meeting to attend with a desire to negotiate and attain an agreement at the next meeting of plenipotentiaries.

We have noted with satisfaction that with the purpose of strengthening the diplomatic effort of the Contadora Group, your deputy foreign ministers will in the next few days be visiting the Central American countries. We consider these visits very useful in advancing the pacification process, although not enought to bring about a conclusion to the negotiations, which can only be attained at the plenipotentiaries meeting through the exchange and granting of reciprocal concessions among all the participants. It is in this forum of direct negotiation, with, of course, the assistance of the Contadora Group, that we expect to reach an agreement on the pending issues of the agenda accepted for the unsuccessful meeting of 18 and 19 June and also for the other issues still pending. It is at the forum in Panama, in our opinion, where the Contadora peace and cooperation plan in Central America should be perfected.

The Governments of Costa Rica, El Salvador, and Honduras consider the multilateral forum of plenipotentiaries of the five Central American countries, which has taken place in Panama City, to be the result of the original consensus that established the negotiating framework of the Contadora plan. Therefore, this forum should be strengthened through prolonged meetings to give it a permanent role, so negotiations are more frequent and can end as soon as possible.

The Governments of Costa Rica, El Salvador, and Honduras also ask the Contadora Group to urge the other states that are part of these negotiations to resume efforts to accelerate and end the negotiations for peace, security, democracy, and development.

The overnments of Costa Rica, El Salvador, and Honduras have decided to report to the OAS Permanent Council on the meeting held in Tegucigalpa through the Costa Rican ambassador accredited to the OAS. They have also decided to report the results of this meeting to the UN Security Council through the Honduran ambassador to the United Nations.

Our governments express their Latin Americanist call, under the belief that the solutions being sought represent a new reality as part of a structure that represents a genuine democratic view.

We take advantage of the opportunity to reiterate to Your Excellencies the assurance of our highest and most distinguished consideration.

Foreign Affairs Secretariat Information and Press Directorate

CONTADORA DEPUTY MINISTERS ARRIVE IN MANAGUA

PA042108 Managua Domestic Service in Spanish 1555 GMT 4 Aug 85

[Text] We are at the Sandino airport. The Contadora Group deputy foreign ministers have just landed and are making statements for journalists.

[Begin report] [Mexican Deputy Foreign Minister Ricardo Valero]...The seriousness of the present Central American situation and also to give greater emphasis to their pledges. These actions are of various types. First and most important, the idea is to soon lay the groundwork for the completion of the Contadora Document for Peace and Cooperation in Central America. Some aspects are still pending. So we will first hold consultations with other Central American countries to specify and coordinate this work related to the Contadora Document. Then, in the second place, after they review the 21 objectives that the Central American countries outlined in September last year, the foreign ministers must bear in mind that these objectives are still in force and that these countries pledged to abide by these objectives.

Unfortunately, in many instances, the situation not only has not improved, but it has deteriorated. For this reason, the ministers consider it important for these countries to act in coordination to take actions leading to detente in Central America and facilitate the peace process. In the third place, and closely associated with the two other aspects, there is the serious situation that has been occurring at the Nicaragua-Costa Rica border for some time. As a result of this, we must consider the possibility of creating mechanisms and laying the groundwork so alternatives can be examined to (?settle) this problem. I think this is of primary importance at a time when the Contadora foreign ministers have decided to express their solidarity. This was expressed in Lima last week during the session of the group's political support mechanisms while we, the deputy foreign ministers [words indistinct] visit Central America [words indistinct] the three other countries as well. [end report]

This has been Mexican Deputy Foreign Minister Ricardo Valero speaking on behalf of the Contadora deputy foreign ministers, who have arrived in our country during an important tour through Central America. They are Jose Maria Cabrera and Hernan Navas from Panama and Venezuela. The Colombian deputy foreign minister has also arrived here. They have been welcomed by Foreign Minister by Law Leon Talavera, Deputy Foreign Minister Nora Astorga, Aldo [words indistinct], and various other Foreign Ministry officials. They arrived at the Sandino airport about 10 minutes ago, almost at the same time of the Nicaraguan delegation's return from Havana.

PRESIDENTS ISSUE JOINT COMMUNIQUE IN CARTAGENA

PA060150 Panama City LA ESTRELLA DE PANAMA in Spanish 5 Aug 85 p B 11

[Joint communique issued by Presidents Ardito Barletta of Panama, Betancur of Colombia, and Sanguinetti of Uruguay in Cartagena de Indias on 4 August]

[Text] The presidents of Colombia, Panama, and Uruguay have stressed the need to advance on the issues stated by the foreign ministers at the recent Contadora meeting so that the Contadora Document for Peace and Cooperation in Central America will be signed quickly, the governments' desire to avoid confrontation will become a reality, and the national reconciliation process will get under way; the presidents stated the need to control the arms race and the support for unconventional forces, and the need to create conditions to resume the Manzanillo talks so that an agreement will be reached betweeen Costa Rica and Nicaragua to solve tensions in the border regions between the two countries. They also stated the usefulness of the support mechanism agreed upon in Lima.

The Uruguayan president ratified his support for the Contadora peace process and reiterated, in the spirit of the support mechanism agreed upon in Lima, his decision to cooperate with all efforts to ensure the objectives of the Contadora Document.

The presidents hope that the Central American governments will overcome the present misunderstandings regarding the document, and urge the peoples and governments of the region to once and for all negotiate their differences, recognizing that a political dialogue is the only path to the peace, progress, and prosperity of the countries involved. The presidents also considered the problems of the region's foreign debt from the viewpoints of their respective national experiences, and the collective actions undertaken by the Cartagena Group. In this regard they stated:

A. The foreign debt problem is far from being solved and continues to be a fundamental obstacle to these countries' economic and social development, and also to the consolidation and strengthening of their political democracies;

B. While all of the Latin American countries have undertaken unavoidable but painful processes of internal adjustment, the international economy still does not respond to the expectations created or does it assume its share of the responsibility for solving the problem. The presidents especially pointed out the contrast between the responsible, calm position adopted by the countries in the region and the highly negative, persistent development of the terms of exchange, increased protectionism, and the closing of markets in the industrialized countries with the absence of significant trends in fresh capital, and with the public financial institutions' difficulties in increasing their activities under the present circumstances.

C. The most definite, stable solution to the foreign debt problem can only be found in the increased growth of our economies, in their increased exportation capabilities, and in fair payments for their raw materials. In this regard the presidents expressed their full support for the spirit of dialogue promoted by the Cartagena Consensus, particularly the resolutions adopted at their recent meeting in Lima.

D. The presidents disagree with any form of coercive action that would violate the sovereign decisions of each country, or interrupt the climate of dialogue the countries in the region have always supported.

PAZ ESTENSSORO INAUGURAL PREPARATIONS CONTINUE

Names in New Cabinet Leaked

PY060112 Paris AFP in Spanish 0049 GMT 6 Aug 85

[Text] La Paz, 5 Aug (AFP) -- Sources close to the Nationalist Revolutionary Movement (MNR) whose leader, Paz Estenssoro, is the new president of Bolivia have indicated that lawyer Gaston Araoz Levy will be the new Bolivian foreign minister. Araoz Levy has held similar posts during the interim constitutional administration of Lidia Gueiler Tejada (1979-1980). Gueiler Tejada was ousted by General Luis Garcia Meza.

It was also announced that Luis Bedregal Rodo will be the new finance minister, Federico Kaune interior minister, Gary Prado Salmon defense minister, Eduardo Arauco Paz industries and commerce minister, Andres Petrisevic industry and commerce minister (as received], Carlos Ponce Sanjines education minister and Jacobo Liberman informations minister. No information has been released about the remaining eight ministries.

Workers, Military Support President

PY052223 Madrid EFE in Spanish 1939 GMT 5 Aug 85

[By Amanda Davila]

[Excerpts] La Paz, 5 Aug (EFE) -- Today's election of Victor Paz Estenssoro as the new Bolivian president was supported by workers, miners, and peasants, who promised to see that the appointment was respected. Paz Estenssoro's election was also termed legal by the military.

The Nationalist Democratic Action [ADN], however, disagreed with the appointment. Today deputy Guillermo Fortun, official ADN spokesman, said that Bolivian democracy is at stake since power will be assumed by a government that emerged from a fraudulent election and as a result of the shady political alliances within Congress.

The Bolivian Labor Confederation [COB] refuted these statements and said that despite the intimidating statements of a political party with fascist tendencies, democracy continues to be in force in Bolivia and will be defended by the workers. The COB said that Congress' decision must be respected and that it will respond to any actions against the constitutional election of the new authorities with blockades and strikes. The COB's decision has been supported by peasants and miners, who gave their full support to Paz Estenssoro during the elections, and urged the leftist parties to vote for him in congress in order to avoid Banzer's return to the government.

However, the COB warned that it will maintain its independence and told the new government that it will strongly defend liberties and social achievements.

The media have started to receive messages of support for the new government. These messages reflect confidence in the new president.

Today the Armed Forces noted Bolivia's struggle to live in freedom and voiced their agreement over the presidential appointment in Congress which they termed legal. Today, Defense Ministry sources told EFE that the Armed Forces are united and alert to any destabilizing maneuver and that they reject the proposal of some political parties that intend to use the military to achieve their political objectives which are a threat to democracy.

Tomorrow, 6 August, Paz Estenssoro will assume the presidency for the fourth time in a political life that started in 1939 when he was deputy for Tarija, the valley where he was born on 2 October 1907.

Armed Forces Respect Vote

PY052246 La Paz Cadena Panamericana in Spanish 2208 GMT 5 Aug 85

[Relay from El Alto Airport by Cristina Corrales]

[Text] A few minutes ago the Armed Forces reiterated that they respect the voting of the National Congress as well as the appointment of Victor Paz Estenssoro as the new president of the Republic. General Simon Sejas Tordoya, commander in chief of the Bolivian Armed Forces made these statements to Panamericana:

[Begin recording] [Tordoya] The Armed Forces, as is public knowledge, have clearly shown that they respect and abide by the Constitution.

[Cristina Corrales] General, what is your opinion about the election of Victor Paz Estenssoro

[Tordoya] The decision of the honorable National Congress was made by the honorable national congressmen. As we stated in the last communique issued by the High Military Command, we respect legally established powers and the Constitution.

[Cristina Corrales] These were the statements of Gen Simon Sejas Tordoya, commander in chief of the Armed Forces, who told Panamericana that the Armed Forces fully respect Congress' decision to appoint Victor Paz Estenssoro as the new constitutional president. [end recording]

Delegations Arrive for Inaugural

PY051430 La Paz Cadena Panamericana in Spanish 1130 GMT 5 Aug 85

[Text] Official delegations from throughout the world have started to arrive in La Paz to participate in the inaugural ceremonies of the new president who was elected by Congress yesterday. Authorized spokesmen of the Foreign Ministry have stated that the delegations are arriving according to schedule.

The spokesmen have also stated that the attention of the world is today focused on Bolivia and the inauguration of the new president. They indicated that delegations from the following countries arrived during the past few hours: Great Britain, India, Nigeria, Norway, Switzerland, Indonesia, Czechoslovakia, Germany, Sweden, Finland, Brazil, Argentina, Peru, Korea, the Netherlands, Hungary, Honduras and Nicaragua. The OAS and Fonplata [River Plata Basin Fund] delegations are already in the country. According to the authorized spokesmen of the Foreign Ministry, more delegations are expected in the country within the next few hours.

Argentine President Arrives

PY052107 Paris AFP in Spanish 2059 GMT 5 Aug 85

[Text] La Paz, 5 Aug (AFP) -- Argentine President Raul Alfonsin today arrived at the airport of this city to attend the presidential inauguration slated for 6 August which is also Bolivia's national independence day.

The Argentine chief executive was welcomed by his Bolivian counterpart, Hernan Siles Zuazo, who tomorrow will hand over his presidential sash to President-elect Victor Paz Estenssoro.

Uruguayan, Colombian Presidents

PY052152 Paris AFP in Spanish 2140 GMT 5 Aug 85

[Text] La Paz, 5 Aug (AFP) -- Colombian President Belisario Betancur and his Uruguayan counterpart Julio Maria Sanguinetti, today arrived at the El Alto International Airport of La Paz at 1715 local time to attend the presidential inauguration ceremonies scheduled for 6 August. The two chiefs of state arrived from Bogota, Colombia, aboard a Colombian Air Force plane and were met by Bolivian President Hernan Siles Zuazo who will relinquish power to the leader of the National Revolutionary Movement (MNR) Victor Paz Estenssoro who was elected by Congress last night.

Visiting Leaders Meet Banzer

PY060206 Buenos Aires DYN in Spanish 0110 GMT 6 Aug 85

[Text] La Paz, 5 Aug (DYN) -- Argentine, Uruguayan and Colombian Presidents Raul Alfonsin, Julio Maria Sanguinetti and Belisario Betancur tonight held an unexpected meeting with the defeated Bolivian presidential candidate General Hugo Banzer. The meeting, which was initially scheduled to take place tomorrow at the residence of the former de facto president, was held at the Sheraton Hotel where the three presidents, who will attend Victor Paz Estenssoro's inauguration tomorrow, are staying.

Banzer promised Alfonsin, Sanguinetti and Betancur to respect the decision of the Bolivian Congress which elected Paz Estenssoro after neither of the two candidates obtained a majority in the 14 July elections. However, Banzer did convey to the presidents his misgivings about the manner in which the voting took place in Congress.

For their part the three South American presidents asked Banzer to "please" work side by side with the new president "to get Bolivia out of its present quagmire." While the meeting, which canceled the one scheduled for tomorrow, was taking place, Banzer's supporters gathered in front of the hotel shouting his name.

Banzer Congratulates Paz Estenssoro

PY060014 Madrid EFE in Spanish 2314 GMT 5 Aug 85

[Text] La Paz, 5 Aug (EFE) -- General Hugo Banzer Suarez today phoned new Bolivian President Victor Paz Estenssoro to congratulate him and state his hopes that the problems of the country will be resolved. Banzer was defeated in Congress early this morning despite the fact that in the 14 July elections his votes totaled 2 percent more than those of Paz Estenssoro.

I called Dr Paz Estenssoro to tell him that once the political battle, which had its disagreeable moments, is over we must all start a new phase in which each person in Bolivia must assume responsibility in the quest for solutions to the pressing and burning problems of the country, Banzer said today to the afternoon daily ULTIMA HORA. I expressed my wishes of success in the fulfillment of the responsibilities which he has taken on as the country's constitutional president as a result of the congressional elections held yesterday, Banzer added.

According to the former military officer, Paz Estenssoro thanked him for the call and said that he was extremely appreciative of Banzer's gesture. Paz Estenssoro added that he expected that in the coming day, when things settle down, the two would be able to meet for a talk that would be of interest to the nation. Banzer explained that the Nationalist Democratic Action would engage in a constructive and reasonable opposition and whenever solutions that are serious and not demagogic or populist are proposed we will support them. However, under no circumstances do we propose to coexist with the anarchy, chaos, irresponsibility and immorality that has been prevailed so far, he said.

Banzer: New Administration 'Legitimate'

PY060151 Madrid EFE in Spanish 0037 GMT 6 Aug 85

[Text] La Paz, 5 Aug (EFE) -- General Hugo Banzer Suarez, candidate for president of the Nationalist Democratic Action (ADN) has acknowledged that Victor Paz Estenssoro's incoming administration is legitimate. General Banzer Suarez delivered a declaration to news media stating:

We accept the decision of Congress because it is in keeping with the dispassionate terms of the law.

He refuted the charges of involvement in alleged conspiracies and made it clear that a coup d'etat is not the next step his party intends to take. Congress elected Victor Paz Estenssoro, who virtually tied with Hugo Banzer Suarez in the 14 July elections, but who received the majority of congressional votes.

We accept the decision with dignity because the future is ours, Banzer said . The ADN candidate promised to protect [preservar] the Armed Forces from involvement in conspiratorial plans and defend the democratic system, the laws and freedom in Bolivia. We respect the national Constitutuion because we respect democracy and any attempts to sway the ADN from this course will be in vain, he added.

He emphasized: Now we will have to see whether the new administration elected by Congress will measure up to the circumstances.

Banzer announed that his party will engage in a vigorous opposition within the Congress to provide solutions for the country, and prevent corruption and irresponsibility.

GOVERNMENT, IMF CONTINUE NEGOTIATIONS ON DEBT

Spokesman Comments

PY052001 Rio de Janeiro O GLOBO in Portuguese 2 Aug 85 p 22

[Text] -- A spokesman of President Jose Sarney today reported that Brazil is not in a hurry to reach an agreement with the IMF and that the negotiations are proceeding at a slow pace, so that the government can obtain the best possible conditions.

Bankers have been informed that the talks will not end before 31 August, the deadline for the extension of the agreement that permits Brazil to pay only the interest on the foreign debt. At that time, the short-term credits (commercial and interbank lines of credit) will also fall due. However, the Brazilian Government is certain that these payments will be extended another 90 or 120 days. Brazil will propose an increase of 8.5 trillion cruzeiros in tax collection to the IMF, because it is not willing to cut down any further on state investments to satisfy IMF demands for another reduction of the public deficit by 16 trillion cruzeiros.

According to the source, part of this amount will be obtained through the advanced collection of the income tax to be paid on bank deposit certificates. Instead of charging 40 percent at the moment of calling in the bonds, the tax would be 35 percent if paid at the beginning of the operation. Nevertheless, this measure will have to be approved by Congress, which could do so as an emergency measure.

The spokesman said that the banks and the IMF are unwilling to create difficulties for Brazil, because they are already having problems with Mexico, Argentina, and Venezuela. The technical mission that is negotiating with the IMF yesterday met with Luis Paulo Rosemberg, President Jose Sarney's assistant for economic matters, for more than 5 hours. They have discussed the reassessment of the figures presented to the IMF, reported participants in the meeting.

According to Antonio Frota Neto, Planalto spokesman for economic matters, the meeting was held to analyze the adjustments to be made in the already approved expenditure cuts. In his opinion, the negotiations with the IMF are progressing normally.

Talks With Banks Postponed

PY051947 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 5 Aug 85

[Text] Brazil's creditor banks will postpone for 90 days the initiation of the foreign debt renegotiation talks. This is at least what Planning Minister Jose Sayad hopes. Sayad said this decision stems from an agreement with the IMF. The IMF agreed [words indistinct] to reduce the public deficit. This is all right but [words indistinct]. Since the budget of 350 enterprises cannot be fixed overnight, the banks will have to wait.

MEASURES SOUGHT TO REPATRIATE SCIENTISTS

PY031800 Sao Paulo Radio Bandeirantes in Portuguese 1550 GMT 3 Aug 85

[Text] The Brazilian Embassy in the United States is trying to find out how many Brazilian scientists are working in the United States, with the objective of encouraging them to return to Brazil, as part of a project to repatriate specialists. Most of the 15 scientists working in France are willing to return. A new salary policy will be implemented to prevent cases like that of the Sao Jose Campos space research institute, where since January, 82 specialists have left because of their low salaries.

PRC OFFICIAL SEEKS MORE EXPORTS, ENDS VISIT

PY032050 Paris AFP in Spanish 0826 GMT 3 Aug 85

[Text] Santiago, 2 Aug (AFP) -- Economy Ministry Under Secretary Colonel Jorge Valenzuela said today that Chile will increase its imports from the PRC to offset China's $120-million trade deficit with Chile. This was announced after a meeting between PRC State Councilor Kang Shien and Chilean Economy Minister Juan Carlos Delano.

We sell approximately $100 million worth of goods yearly to the PRC and import $20 million from that country. They have a balance of payments deficit and they want us to import more, Valenzuela stated. He said Chile is interested in purchasing PRC crude oil and studies and under way to install some minipower plants in the southern part of the country.

Kang, who arrived in Santiago on 30 July on an official visit which ends today, met with President Augusto Pinochet and other political and economic authorities. Kang is the highest-ranking PRC Government official to visit Chile in 12 years of military government. Since the 1973 overthrow of the Salvador Allende civilian government, Chile has had relations with only two socialist countries, the PRC and Romania.

JUDGE ADVOCATE REJECTS JUDGE CANOVAS' DECISION

PY060330 Santiago Domestic Service in Spanish 2300 GMT 5 Aug 85

[Excerpt] Santiago Judge Advocate General Samuel Rojas today refused to try the triple abduction and murder case. General Samuel Rojas has thus rejected Judge Jose Canovas' decision that he was incompetent to try the case and the file was returned to Santiago's sixth criminal chamber.

The head of the second military court of Santiago, General Samuel Rojas, explained his decision in a short public statement.

[Begin recording] As I have already informed you, over the weekend I, along with prosecutors from the military court, made a lengthy analysis of Judge Canovas' decision to declare himself incompetent. We finished this analysis today and I have issued a resolution rejecting the grounds on which Canovas' decision was based. [end recording]

PDC LEADER'S KIDNAPPED DAUGHTER REAPPEARS

PY051322 Santiago Domestic Service in Spanish 1100 GMT 5 Aug 85

[Text] As we reported earlier, Carmen Andrea Hales telephoned her relatives early this morning and met with them at 0626 outside the national library. Later, upon arriving at her father's residence on Grecia Avenue near the national soccer stadium, Carmen Hales said she was kidnapped by individuals riding in two cars as she was driving to Santiago's Comodoro Arturo Merino Benitez International Airport to see off some relatives. Carmen Hales showed signs of having been subjected to physical mistreatment.

BETANCUR, URUGUAY'S SANGUINETTI LEAVE FOR BOLIVIA

PA051932 Paris AFP in Spanish 1759 GMT 5 Aug 85

[Text] Bogota, 5 Aug (AFP) -- Sources from the control tower of the airport in Bogota have reported that Colombian President Belisario Betancur and Uruguayan President Julio Maria Sanguinetti left for La Paz at 1735 GMT to participate tomorrow, Tuesday, in the inauguration of new Bolivian President Victor Paz Estenssoro. The two heads of state are traveling aboard the Colombian presidential plane, which took off 1 hour later than specified in the official program. Sanguinetti ended a 5-day official visit to Colombia. As he was about to board the plane, Betancur pointed to the "historical importance" of the Bolivian parliament's approval of Victor Paz Estenssoro as the new president of that country. Betancur added: "The agreement reached by different political parties in this regard maintained the cohesiveness and institutional continuity in Bolivia. We wish to express our joy over that decision."

GOVERNMENT ASKS M-19 TO ABANDON ARMED STRUGGLE

PA060300 Paris AFP in Spanish 2313 GMT 5 Aug 85

[Text] Bogota, 5 Aug (AFP) -- The government today asked the M-19 [19 April Movement] to end its military activities as a condition for returning to the negotiations table to consolidate peace in Colombia.

The presidential palace issued a statement by Government Minister Jaime Castro countering media reports which said the extreme left-wing nationalist organization would be willing to reinitiate the dialogue that it had interrupted. The minister clearly stated: "With their withdrawal from peace policies, the M-19 is destroying considerable political capital, because it is wasting at least two good opportunities: to withdraw with decorum and dignity from the guerrilla ghetto, and to lead a partisan trend in favor of their presence in ordinary political life.

"Nevertheless, instead of filling that democratic space, the organization preferred to return to activities that prevent any possible understanding. As this was their own, unilateral, and voluntary decision, which they took for reasons that no one knows or understands, I think it would take the greatest of miracles for the M-19 to change its opinion," the minister said. However, if the statement that is mentioned is serious, it should be accompanied by the total and definite cancellation by the M-19 of their military activity. In this way we could listen to those who generously offer to mediate, and know what we would talk about.

"We cannot speak again about subjects such as democracy, social justice, and the need for reforms on which, theoretically, we all agree, but because of generalities, cannot reach definite conclusions. We would also have to define beforehand what concrete, precise, and special matters would be discussed," the minister added.

It must be remembered that the M-19 decided some 6 weeks ago to return to armed struggle, alleging that the military forces had broken the cease-fire agreed upon last year and attacked towns and hamlets, which the M-19 responded to, especially in the western part of the country.

FEBRES CORDERO APPOINTS NEW CABINET MEMBERS

Labor Ministers Resigns

PA062016 Paris AFP in Spanish 1940 GMT 5 Aug 85

[Text] Quito, 5 Aug (AFP) -- A cabinet crisis in the conservative government of Ecuadoran President Leon Febres Cordero was brought about unexpectedly today by the resignation of Francisco Diaz Garaicoa, minister of labor and human resources. His post was filled by Jorge Egas Pena, the former minister of social welfare. Ernesto Velasquez, the former director of the Marginal Rural Development Fund (Foderuma), was appointed minister of social welfare.

This is the first administrative crisis since the recent marking of the first anniversary of his tenure. Following Diaz Garaicoa's announcement, the changes were immediately made and the new officials sworn-in at the presidential palace by President Febres Cordero.

Further on Labor Minister

PA051730 Madrid EFE in Spanish 1644 GMT 5 Aug 85

[Text] Quito, 5 Aug (EFE) -- Ecuadoran Labor Minister Francisco Diaz Garaicoa presented his regisnation today to President Leon Febres Cordero. Diaz said that he is resigning for strictly personal reasons. He voiced regret for upsetting the cabinet's stability with his decision. The minister was appointed on 10 August 1984 when Febres Cordero took over.

In his resignation letter, Diaz pointed out that during his year of tenure, "we have created a labor climate free of unsurmountable antagonisms and favorable to conciliation and harmony." Diaz also pointed to his interaction with Ecuadoran workers, who in his opinion, "have shown that they know the difference between legitimate labor rights for which they must fight and false demands alien to labor objectives."

NAVY SEIZES PERUVIAN BOAT FOR ILLEGAL FISHING

PA051854 Paris AFP in Spanish 1452 GMT 5 Aug 85

[Text] Guayaquil, Ecuador, 5 Aug (AFP)--An Ecuadoran Navy patrol launch captured a Peruvian fishing vessel operating in Ecuadoran waters without the corresponding permit. The arrest of the vessel Onyx with crew members abroad took place near El Muerto Island, in Ecuadoran jurisdictional waters, 80 degrees 32 minutes West and 3 degrees 10 minutes South latitude. Seventy-two hours earlier, a Peruvian patrol launch had captured the Eucadoran fishing vessel Palermo and escorted it to the Zorritos community, where the crew was rescued by the Ecuadoran consul in Tumbez, Martiana Cueva de Febres Cordero.

ALVA CASTRO DISCUSSES CURRENCY CONTROL, DEBT

PY051950 Lima Cadena Panamericana Television in Spanish 0200 GMT 5 Aug 85

[Interview granted by Prime Minister and Economy and Finance Minister Luis Alva Castro to Monical Belta; recorded]

[Excerpts] [Belta] We will now start our interview with Dr Alva Castro. The public has taken great interest in the scope of the control on foreign currency. There is fear that a sort of expropriation of the national savings might take place. What can you tell us about this, Dr Alva Castro?

[Alva Castro] The president has been extremely explicit on this matter, stating during his presidential campaign and then as president that we are champions of the national savings. The president has outlined an economic policy that has been presented to the country, a policy that clearly champions the national savings. Peru and Peruvians must have confidence and self-assurance that their certificates and savings will be redeemable, but redeemable for allocation to national productive activity.

President Alan Garcia has told us, and we have just heard him make such a statement in his speech in Trujillo, that the foreign currency derived from the exploitation of our natural wealth, from the collective and joint efforts of all Peruvians, must serve national development. And this is what we have done. Foreign currency control has been implemented in the country. What we are seeking and what we are doing is to improve it and upgrade it so that it serves the legitimate and true interests of the nation. The foreign currency and certificates will be used to import inputs for productive purposes. When a holder of certificates and savings in foreign currency wants to use them for unproductive purposes or take them out of the country, then the certificates and foreign currency savings will not be redeemable in foreign currency, but will be paid for in Peruvian soles. This policy is very clear and is a basis of the policy of national development we are advocating.

[Belta] This means, then, that the holders of savings accounts should have no fear.

[Alva Castro] Absolutely no fear whatsoever. On the contrary, as economy minister and prime minister, I am telling all Peruvians to be confident and hopeful, because this economic policy, which we are soundly and efficiently implementing for the benefit of the vast majority of Peruvians, includes the recognition of and the respect for national savings for national development. And we are respecting it. What has happened is that we have decided that the certificates will be redeemable only when they are used to reactivate and stimulate national production. When they are used for unproductive purposes, they have not lost either, because they will be redeemed in soles.

[Belta] In conclusion, the press communique that the U.S. Embassy has issued states that the previous government paid 90 percent of a military aid commitment, a credit for military assistance. Why wasn't 100 percent paid?

[Alva Castro] In the first place I would like to say that it would be truly irritating if any pressure or coercion is exercised by imperialism on a nationalistic, democratic, and popular government that wants to decided on its own fate. If this is truly the case, it could be interpreted as pressure. However, I fully understand that it is about military aid. The past Peruvian Government paid 90 percent of this aid and left 10 percent pending barely 4 days before its expiry. This led to the enforcement of an amendment which definitely hurts us. It hurts our country.

To sum up, the serious thing is this: Why did they wait if the amendment was to be immediately applied? Why did they wait until the term of the past government was completed and a new government installed, so as to be able to put pressure on it and make it pay?

I would like to announce that we have sent a telex to the commercial banks and to all the creditor countries of the Paris Club. We have asked them that a number of payments due over the next 6 months be extended to allow us to truly resume the sound management of our national economy, to allow us to put our country in order by implementing this policy which has aroused great expectations. We feel that this policy has given rise to a great deal of understanding and participation among all Peruvians. It is important for all Peruvians to understand that Alan Garcia has set forth a very clear position concerning the timely handling of the foreign debt: No more than 10 percent of the value of our exports. We have an internal debt with the [word indistinct] people in our country. As long as we do not solve the basic and essential problems troubling our country, we cannot think of paying more than 10 percent of the value of our exports.

[Belta] Can you briefly comment on the statement Senator Manuel Ulloa made that less than 10 percent had been paid...

[Alva Castro, interrupting] Well, absolutely nobody believes in this. From January to June 1985, President Belaunde paid slightly more than $304 billion. This represents 20 percent of the value of our exports. But I want to state something that is much more serious. Besides a completely empty treasury, we received a fiscal deficit, a monetary deficit, devaluation, inflation, a country completely in ruins, and a serious crisis. This is something we Peruvians cannot forget. The unpaid commitments entered upon by Peru amount to billions of dollars. By the end of 1985 they must be in excess of $3.75 billion which were committed by the past government. Peru has been unable to pay these commitments. These payments have not been made. This is the time bomb and the heavy and serious inheritance bequeathed to us by the past government. We are assuming this inheritance with responsibility. Alan Garcia has properly stated that we will pay the debt. However, let us first pay attention to our domestic problems. But also let us learn and tell the Peruvian people the truth about the country that has been bequeathed to us, the Peru we have received. A country with such a huge per capita debt as Peru has never had before.

[Belta] Dr Alva Castro, we are extremely grateful for your kindness toward the Panorama program.

WAR MINISTER SUPPORTS GARCIA'S DISARMAMENT PLANS

PY060242 Paris AFP in Spanish 2205 GMT 5 Aug 85

[Text] Lima, 5 Aug (AFP) -- Peruvian War Minister General Jorge Flores Torres today expressed his agreement with President Alan Garcia's decision to reduce Peru's purchase of weapons.

I am aware of the country's serious economic crisis, but the reduction of weapons should not affect the Army's needs, and should be compatible with development programs, Flores Torres stated. When Garcia assumed power 8 days ago, he proposed the theory of disarmament to channel more resources for development, and as an example, he cited the reduction of the purchase of 26 Mirage-2000 fighter planes from France.

Gen Flores stated that the president's proposal has had favorable reaction among neighboring countries, and cites Chile where President Pinochet and the prime minister [as received] have expressed their agreement. Rapprochement among countries as soon as possible is appropriate, seeking a limitation of weapons, but without affecting the security of the borders, he stated.

PIT-CNT SUPPORTS DIALOGUE 'WITH RESERVATIONS'

PY021620 Paris AFP in Spanish 2127 GMT 1 Aug 85

[Text] Montevideo, 1 Aug (AFP) -- The Inter-Union Workers Plenum (PIT-CNT), Uruguay's largest labor organization, has decided to support, with reservations, the search for a national consensus that may bring about a social truce in the prevailing disturbed situation in the country. The leadership of the leftist-leaning PIT-CNT made the decision a few hours ago. Even though it favors a multilateral dialogue as sponsored by the government, the PIT-CNT warned that its decision does not necessarily imply that a pact or an agreement may be negotiated.

Speaking over a radio and television network on 26 July, President Julio Maria Sanguinetti pointed to the need to reach a consensus. Except for minor disagreements, the proposal was accepted by all opposition sectors and by businessmen. The president's proposal provides for the creation of three bodies: a political advisory body in which all sectors will be represented; a second body made up of representatives of social sectors which will try to solve labor conflicts; and a third body made up of experts who will analyze the best instruments for implementing the necessary policies. The PIT-CNT contends that the name social accord is inappropriate, because the three bodies will only discuss and compare ideas.

On 31 July, the PIT-CNT met with politicians, including ruling party (Colorado, a liberal party) representatives, and proposed to stage a day of demonstrations in demand of solutions to the crisis. The labor organization also proposed the creation of a congressional committee that should push several draft laws, which workers regard as important, through Congress. Among these is one dealing with house rentals, and another providing for the reinstatement of workers dismissed by the dictatorship. According to political sources, the dialogue or search for an accord may begin on 2 August during a meeting to be attended by government officials. It has been said, however, that the negotiations will be delayed for at least 1 week because of President Sanguinetti's current tour of several Latin American countries. The search for a consensus began after a period of tension between the unions and the government. There have been some 160 labor conflicts since the Sanguinetti administration came into office on 1 March. It has been pointed out that those conflicts almost forced the government to declare some of the services affected by strikes, such as health and transportation, as essential.

LEFTISTS ON PARTICIPATION IN 'UNITAS' MANEUVERS

PY022149 Paris AFP in Spanish 1524 GMT 2 Aug 85

[Text] Montevideo, 2 Aug (AFP) -- The "Unitas XXVI" naval maneuvers to take place in Uruguay next September have been attacked by leftists, who have given a very special interpretation to the maneuvers because of the difficulties the country has been experiencing. The Uruguayan-U.S. maneuvers will involve six U.S. ships and Uruguayan Navy units, and include a landing on the coast of Maldonado Department, 140 km east of Montevideo. In the last few hours, a request for authorization was sent by the executive branch to Congress. A request to authorize Uruguayan participation in maneuvers to take place later in Brazil was also sent. Left-wing Deputy Yamandu Sica reiterated that Uruguay, like Argentina, should decline to take part in such exercises. That country has not participated in "Unitas" since its conflict with Great Britain over the Malvinas Islands. Sica said that in thinking about those naval exercises, one recalls distant and recent events in Easter Island, the Malvinas, Central America, and Grenada. According to the deputy, this criticism is even more justifiable if we consider all the problems, particularly the foreign debt, arising from our economic relations with the northern empire.

GOVERNMENT REACTS TO CLOSURE OF CURACAO REFINERY

Energy Minister Comments

FL021605 Bridgetown CANA in English 2238 GMT 1 Aug 85

[Text] Caracas, Aug 1, CANA-REUTER -- Venezuela is prepared to make sacrifices to ensure Royal Shell's 320,000 barrels per day if the Curacao refinery stays open, Energy and Mines Minister Arturo Hernandez Grisanti said today. Shell said this week it would close the refinery by the end of September after pricing talks with Petroleos de Venezuela on heavy crude supplies broke down. It said the refinery had lost 50 million dollars since the end of March.

Hernandez said Venezuela had been prepared to supply 157,000 barrels per day, BPD, to the refinery, 10 percent of its total export volume, on terms that would have meant 177 million dollars per year in lost income to the nation. He said the supplies would have contained 92,000 BPD of light and medium crudes with an improved product yield, as a response to Shell's request for a safety net mechanism guaranteeing it against losses. Previous Venezuelan commitments had been to provide the refinery with 140,000 BPD of heavy crude.

Hernandez said Venezuela now hopes a solution will be reached on a proposal sent to the Hague on Monday and in which the Venezuelan, Dutch and Dutch Antilles Governments would ensure the refinery's continued operation. Asked what shareholding Venezuela might be prepared to take in the refinery, Hernandez said at this moment we are not talking about percentages.

Foreign Minister Simon Alberto Consalvi flies tomorrow to Curacao for further talks on the refinery, it was announced here.

Shell announced Tuesday that it would close the refinery in stages during August and September, and had prepared a redundancy plan for the 1,900 workers. In a statement released in Willemstad, Shell said it had not proved possible to reach agreement with Venezuela Petroleum Inc on a formula which guarantees the refinery's viability. Venezuelan officials reacted by saying Shell had gone far beyond the terms of an agreement reached with Dutch Prime Minister Ruud Lubbers during a visit to Caracas on July 17.

Official Communique Issued

PA020349 Caracas Television Service in Spanish 0000 GMT 2 Aug 85

[Text] The Venezuelan Government has issued a communique setting forth its position on Shell's decision to close the Curacao refinery.

Tracing the progress of the negotiation process between the Netherlands Antillean, Dutch, and Venezuelan Governments, the communique stated that these three governments agree in writing in Caracas to the following: The Venezuelan Government agreed to furnish the refinery with crude oil at terms that would make the refinery's operation economically viable. It also agreed to assume responsibility for the marketing of the finished products. For its part, the Netherland Antillean Government agreed to maintain and intensify austerity measures to minimize the refinery's operational costs, while the Dutch Government agreed to give financial backing to the Venezuelan Government and the refinery.

Shell, however, defended another position during those negotiations. Its aim was to shift the responsibility for the refinery to third parties. While Pedevesa [Venezuelan Petroleum Inc] worked to reache viable solutions to resume its supply of crude to Curacao, Shell maintained anunyielding position, being willing only to discuss its own proposal, the economic implications of which would impose a heavier economic burden on Venezuela than that needed to keep the refinery in business.

Venezuela was unable to accept Shell's proposal. The company's intentions became clear in a Shell communique which in all other respects was superficial. In addition to announcing the closing of the refinery, it indicated that unless the refinery's assets are regulated in a government-to-government arrangement, Shell will proceed with the dismantling of its installations, with the exception of those needed to continue supplying the domestic Curacao market.

At the end, the Venezuelan Government communique ratifies Venezuela's solidarity with the people of Curacao and its hope that a satisfactory agreement can be reached with the Netherlands Antillean and Dutch Governments to kpeep the neghboring country's refinery in operation.

LUSINCHI DISCUSSES CURRENT OIL PROBLEMS, OPEC

PA030413 Caracas Television Service in Spanish 0000 GMT 3 Aug 85

[Text] We are going to overcome the current oil problems, President Jaime Lusinchi said upon arrival im Merida. Later on he said that the good old days will probably not return, but the drop in the price of oil is only temporary. I believe, President Lusinchi added, that there are good reasons to expect some improvement soon. However, he pointed out, the members of OPEC must maintain some discipline and not replace fundamental interests with temporary demands. We must not lose our patience and we must have a real understanding of historical events, President Lusinchi said.

Regarding the internationalization of oil, President Lusinchi said: We are working on the matter but the process is long. He added: Therefore, the question is not when will this policy go into effect, but when will we be able to talk about consolidating our efforts, which I think will be very soon. He said this in Merida, where he is on a working tour.

NAVY TO INCREASE EFFORTS AGAINST DRUG TRAFFIC

PA060035 Madrid EFE in Spanish 1731 GMT 5 Aug 85

[Text] Caracas, 5 Aug (EFE) -- The Venezuelan Navy will increase its struggle against narcotics trafficking, according to Rear Admiral Justo Pastor Fernandez, commander in general of the Navy, in statements reported in Caracas today. Fernandez said it was agreed in the 12th Conference of Navy Commanders of the Americas held in the United States that the common enemy is narcotics trafficking.

The rear admiral said the Venezuelan Navy's proposal was very well received by the conference. The proposal called for the Navy to control narcotics trafficking. We are prepared for war, and that is the way we should always be. I think our Armed Forces -- Air Force, Army, National Guard, and Navy -- are prepared to be used in the struggle against narcotics trafficking, Fernandez said. He also pointed out that the Venezuelan Navy hopes that navies of the Americas will prepare a plan to help other authorities in controlling narcotics trafficking. He explained that a percentage of drug trafficking entered by air and another percentage by water routes, and that the Navy will contribute in the surveillance and control of waterways.

COMMERCE SECRETARY OPPOSES DEBT MORATORIUM

FL052206 Mexico City NOTIMEX in Spanish 1920 GMT 5 Aug 85

[Text] Mexico City, 4 Aug (NOTIMEX) -- A debt moratorium is not the solution; it is our duty to pay what we have borrowed, Hector Hernandez Cervantes, Mexican secretary of commerce and industrial development, has said.

In an interview with a private television station, the official added that we should have a positive attitude in dealing with this problem and increase our currency income by increasing exports. He also favored Mexican participation in the General Agreement on Tariffs and Trade (GATT) and announced several industry protection measures to avoid bankruptcies because of the freeing of trade. He said Mexico and the United States are preparing a wider trade and economic agreement and explained that in this area our relations are great, and our communication is good.

Hernandez Cervantes asserted that recent economic measures are so thorough and address the crux of the problem in such a way that they will help stabilize the economy and begin to pave the way out of the crisis. He said that opening the economy, modifying the exchange rate and reducing public spending deficits are necessary decisions in the anti-inflationary struggle and help block the flight of dollars.

SEPULVEDA TO ATTEND PAZ ESTENSSORO INAUGURATION

FL060041 Mexico City NOTIMEX in Spanish 2335 GMT 5 Aug 85

[Text] Mexico City, 5 Aug (NOTIMEX) -- Mexican President Miguel de la Madrid has appointed Foreign Minister Bernardo Sepulveda Amor as representative of the Mexican Government to the inauguration ceremony of Doctor Victor Paz Estenssoro as president of the Republic of Bolivia. The Mexican foreign minister and Mexican Ambassador to Bolivia Ricardo Galan will form the Mexican delegation and their mission will be to convey our government's wishes to continue developing its political, economic, and cultural ties with Bolivia and its solidarity with democratic processes in Latin America. Bernardo Sepulveda Amor left Peru en route to La Paz, Bolivia, to attend the inauguration ceremony of this country's president, after meeting with Peruvian Foreign Minister Alan Wagner.

SAN JOSE OIL AGREEMENT RENEWED WITH VENEZUELA

FL032058 Mexico City NOTIMEX in Spanish 1644 GMT 3 Aug 85

[Text] Mexico City, 3 Aug (NOTIMEX) -- The Governments of Mexico and Venezuela today renewed, for the sixth consecutive year, the energy cooperation program for Central American and Caribbean countries, known as the San Jose Agreement.

The joint communique was issued simultaneously in Mexico and Venezuela and is signed by the presidents of the two countries, Miguel de la Madrid Hurtado and Jaime Lusinchi, respectively. The agreement will remain unchanged for 60 days, but it could be subject to revision.

The San Jose Agreement favors Central American and Caribbean countries with a daily endowment of 130 barrels, half contributed by Mexico and the other half by Venezuela. The invoice payment is 80 percent upon receipt and 20 percent on credit for five years at an annual interest rate of 8 percent.

In addition, for those countries using their financial resources for development and especially for energy programs, the length of time would be increased to 20 years and the interest rate would be reduced to 6 percent.

There are eight countries benefiting from the San Jose Agreement: Costa Rica, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, and the Dominican Republic.

According to the joint communique, the terms of the agreement will remain unaltered, but subject to revision in the future. This means during the next 2 months, the corresponding institutions of each country will observe the conditions of the world oil market so that in the next 10 months the original text can be modified. The above is a consequence of the instability of the present world oil market during the last few months.

The text of the agreement follows:

Once again, recognizing the validity of the circumstances that gave rise to the program and to the objectives assigned to it as well as the necessity for its execution to be compatible with the needs of the countries to which this is directed and with the legitimate interest of those drawing up the agreement, and reiterating that the program expresses the growing knowledge and coordination of Mexico and Venezuela in the energy area, and in a greater sense reflects the excellent relations that link the two countries, it is declared that Mexico and Venezuela will maintain in operation, for the sixth year, beginning 3 August 1985, the energy cooperation program for Central American and Caribbean countries.

TRADE GROUPS FAVOR RECENT ECONOMIC MEASURES

FL022127 Mexico City NOTIMEX in Spanish 2015 GMT 1 Aug 85

[Text] Mexico City, 1 Aug (NOTIMEX) -- Mexico's exports could amount to $24 billion at the end of the year thanks to the recently adjusted exchange policy adopted by the Mexican Government.

The National Association of Mexican Importers and Exporters (ANIERM) and the National Council of Foreign Trade (Conacex) agreed on the above.

ANIERM President Arturo Zavala Colome said the fluctuation of the controlled dollar will be a valuable incentive for businessmen to increase their foreign sales. He explained that the parity of the peso with the dollar had lost competitiveness, that it was overvalued, and that domestic inflation was rapidly eating up our currency's differential in relation with other currencies.

Conacex President Fernando Gomez pointed out that the fiscal authorities' and the Bank of Mexico's decision was adequate. The new parity peso exchange with the controlled dollar and its market regulated fluctuation will encourage and stimulate export efforts the enterprises are making.

PESO DEVALUED 0.42 PERCENT ON CONTROLLED MARKET

PA060402 Madrid EFE in Spanish 0249 GMT 6 Aug 85

[Excerpt] Mexico City, 5 Aug (EFE) -- Today the Mexican peso's exchange rate to the U.S. dollar was devalued by 0.42 percent at the controlled market for foreign exchange which is used to conduct foreign trade and pay the foreign debt. From 9 July, when the Mexican currency lost 20 percent of its value, until Friday, the currency continued a decline (mini devaluation) of 21 cents per day.

The controlled market began operating today with a purchase price of 281.17 and a sale price of 281.51. At the end of the day, the (Central) Bank of Mexico set the purchase price for U.S. currency at 282.70, an increase of 1.19 Mexican pesos to the U.S. dollar.

According to an official statement, the Mexican Government decided to create the market of regulated flotation in order to facilitate the use of foreign currency, give greater flexibility to foreign trade, and avoid wrongful practices such as underbilling.

PAN PROTEST IN MONTERREY ENDS WITH INJURIES

PA031615 Paris AFP in Spanish 1503 GMT 3 Aug 85

[Text] Mexico City, 3 Aug (AFP) -- More than 30 people were injured, 3 of them seriously, and 100 were arrested as the outcome of a demonstration staged last night in Monterrey by the National Action Party (PAN, rightist) to protest the fraud committed in the 7 July elections, according to PAN.

According to the initial medical and news reports released in Monterrey -- 950 km north of the capital of Mexico -- the three injured seriously who sustained head fractures and diverse traumatisms in the wake of the clashes with police, are members of PAN.

The incidents broke out shortly after some 30,000 PAN members headed by Fernando Canales, former candidate for governor, gathered outside the office of the state executive branch to deliver a letter denouncing a number of irregularities in the electoral process. The letter, signed by 100,000 persons, demanded the resignation of the new governor of the State of Nuevo Leon, Jorge Trevino, member of the ruling Institutional Revolutionary Party (PRI), who garnered the majority of votes according to the vote count by the local electoral commission.

After government officials received the leaders of the PAN, an organization which has the support of the local business chambers, an undetermined number of demonstrators attempted to storm the government palace, but were repelled by police using tear gas bombs and night sticks. As a result of the clashes which lasted over 1 hour, 100 demonstrators were arrested and another 100 were treated in several medical centers of the city, most of them suffering the effects of the tear gas.

Since the last elections for parliamentary members and governor in seven Mexican states, there have been a number of incidents in Monterrey due to the disparity of the PAN projections with the official results and rejection by the Supreme Court of a request that the state elections be annulled and new elections be called.

BELIZE

PRIME MINISTER SIGNS LOAN AGREEMENT WITH UK

FL021932 Belize City Domestic Service in English 1300 GMT 2 Aug 85

[Text] An interest-free loan agreement has been signed by Prime Minister Mr Manual Esquivel at the outset of his 5-day visit to the United Kingdom on Monday July 29th. The agreement for pound sterling 7.5 million was the prime minister's first engagement in the UK, this to be spent over the year 1985 through 1989 all for the capital eight projects in the field of natural resources, communications, and tourism.

The payment is over 15 years with a 5-year period of grace. Prime Minister Esquivel met with a 5-year period of grace. Prime Minister Esquivel met with Mr Timothy Raison, minister for overseas development at the headquarters of the Overseas Development Administration.

The loan agreement was signed on behalf of the [words indistinct]. Mr Esquivel later Monday morning met with the Minister of State for Foreign and Commonwealth Affairs Baroness Young. Then prior to talks at the Foreign Agency for Overseas Development and Administration, the prime minister went on to a luncheon hosted by (Tate & Nyle) P.L.C. [passage indistinct]

A meeting with the Prime Minister, Mrs Margaret Thatcher, took place on Wednesday. Prime Minister Manuel Esquivel had been invited to Britain by the British Prime Minister.

COSTA RICA

MINISTERS ON 'CONFIDENTIAL' MISSION TO VENEZUELA

PA060430 San Jose Radio Reloj in Spanish 0100 GMT 6 Aug 85

[Text] Acting upon the instructions of President Luis Alberto Monge, Public Security Minister Benjamin Piza Carranza and Government Minister Enrique Obregon are in Caracas on a confidential mission. The two officials will meet with Venezuelan President Jaime Lusinchi and, even though it was said that the contents of those talks will not be disclosed for obvious reasons, it was admitted that they will discuss and analyze the current situation on the border with Nicaragua. The mission will be carried out by Piza and Obregon during meetings with other Venezuelan politicians, and the possibility that they may travel to other countries for the same purpose has not been discarded.

The message sent by President Luis Alberto Monge to his Venezuelan counterpart, Jaime Lusinchi, through Public Security Minister Benjamin Piza Carranza and Government Minister Enrique Obregon seeks to confirm that Costa Rica is not alone. Even though the president did not expound on the contents of his message, he said that the message is obviously linked to the country's need to make sure it will not be alone in the event we have an even graver emergency than the ones we have had with the Nicaraguan Government.

President Luis Alberto Monge recognized that the confidential mission being carried out by our public security and government ministers in Venezuela is part of the agreements adopted by the government council on Wednesday. When asked if Costa Rica was requesting weapons and defense assistance, Monge abstained from responding.

However, he reiterated: I can assure you that we are making sure that Venezuela will stand on Costa Rica's side in case we have a grave emergency with the Nicaraguan Government.

Ministers Benjamin Piza and Enrique Obregon left for Caracas on Saturday acting upon President Monge's personal instructions.

Venezuelan President Jaime Lusinchi has repeatedly warned the Sandinist regime in Nicaragua Vice President Sergio Ramirez Mercado in Caracas. The Venezuelan leader said: I have insistently told the Sandinists not to touch Costa Rica. That warning was published by the news media in Caracas meaning that the Venezuelan Government is offering all of its support to the Costa Rican democracy. Lusinchi's special envoy, who arrived in the country some days ago, equally assured President Monge, as was reported by presidential sources.

AUTHORITIES REPORT CALM AT NICARAGUAN BORDER

PA051528 San Jose Radio Impacto in Spanish 1830 GMT 3 Aug 85

[Text] Authorities stationed along our northern border have reported a state of calm. They said that for the past 2 days Sandinist Air Force aircraft have not overflown our airspace. However, they did report fierce clashes taking place in southern Nicaragua. The Rural and Civil Guard are on alert. We must point out that vigilance in that area has been redoubled and the supply of weapons has been reinforced.

ACT SIGNED WITH ECUADOR ON MARITIME BOUNDARIES

PA021656 San Jose Radio Reloj in Spanish 1200 GMT 2 Aug 85

[Text] Costa Rican Foreign Minister Carlos Jose Gutierrez said that in accordance with the terms contained in a document signed in March between Costa Rica and Ecuador, the act of the first joint meeting to delimit maritime boudnaries between the two countries was signed to establish the boundary between Coco Island and the Galapagos Islands. The foreign minister added that in this way the Foreign Ministry is meeting one of its goals. The limits of our territorial waters and our exclusive economic zone with our neighboring countries will be established. Costa Rica has already achieved this on the Atlantic Ocean with Colombia, and on both seas with Panama. The work will continue on the Pacific Ocean with Colombia and Ecuador.

According to the act signed by the two countries, each side will appoint delegates form a mixed commission in charge of delimiting the maritime boundaries in a short period. Field work will begin in February 1986, and immediately afterwards each government will approve it. The agreement on maritime delimitation was viewed as an example of the good relations that must prevail between neighboring countries, allowing disputes and the interests of each country to be handled through mediation.

NEW FIREARMS LAW SETS GUIDELINES FOR OWNERSHIP

PA022021 San Jose Radio Impacto in Spanish 1830 GMT 2 Aug 85

[Text] A new law on the import, sale, and possession of firearms, which was approved by the Legislative Assembly, specifies that no one is allowed to register or possess more than three weapons to defend his life and property.

Those weapons must have a caliber between 5.6 and 18.5 mm. The law also specifies that anyone with registered weapons can apply for a permit to import up to 500 rounds of ammunition per year at the Public Security Ministry's Department of Weapons and Explosives. There are no import restrictions on ammunition for .22 caliber weapons or shotguns. In addition, the law also prohibits the ownership, possession, manufacture, or sale of weapons firing successive shots such as machine guns, rifles, and submachine guns.

EL SALVADOR

TERRORISM, VIOLENCE CAUSE $140 MILLION IN LOSSES

PA040002 Paris AFP in Spanish 1901 GMT 3 Aug 85

[Text] San Salvador, 3 Aug (AFP) -- El Salvador has suffered losses of over $140 million as a result of terrorism and violence during the past 5 years, according to an official study published today. In breaking down the losses, the report shows that the railroad service lost $15.2 million through 30 June. The damages caused up to that date in the power system -- towers and transmission structures of electricity destroyed by guerrilla sabotage -- amounted to $51 million. The telecommunications system has suffered damage of $12 million, while the public works system has lost $38 million. The National Administration of Waterworks and Sewers (ANDA) also suffered the effects of violence and reported losses of up to $1 million, while mass transportation lost $13 million.

According to official figures computed so far, 777 buses were destroyed while 560 were partially damaged. Attempts on buildings and fixed installations of different state and municipal organizations also caused millions in losses. It was reported that the balance of payments has also suffered due to the reduction of currency from exports of main products (coffee, cotton, and sugar). The severe drop in tourist activities and the high payments for service of the total foreign debt have meant a considerable reduction in currency in the past years, despite large donations received by the government from abroad, according to the official report.

FMLN COMMANDER BELTRAN KILLED IN USULUTAN

PA060128 Panama City ACAN in Spanish 0000 GMT 6 Aug 85

[Excerpts] San Salvador, 5 Aug (ACAN-EFE) -- It was officially reported today that guerrilla Commander "Arnulfo" was killed during clashes with the Salvadoran Army in eastern Usulutan Department. "Arnulfo," whose real name was Arnulfo Beltran, was killed during the past 24 hours in the vicinity of Estanzuelas, 113 km east of the capital, as confirmed by Major Armando Aviles, chief of the Armed Forces Press Committee.

There were no reports on the guerrilla group that Commander "Arnulfo" belonged to nor the position he held in the military structure of the FMLN, although he was not one of the five top commanders of the rebel forces. Commander "Arnulfo" was killed during clashes between soldiers and members of the FMLN in the place known as Las Cuatro "15 September" specialized battalion. The "15 September" Battalion is in charge of patrolling the hydroelectric dam of the same name located between San Vicente and Usulutan Departments, 90 km west of San Salvador. Until late this evening, the FMLN had not issued a report on the death of the guerrilla commander.

GUATEMALA

PDC CANDIDATE OPPOSES FUEL PRICE HIKES

PA040346 Guatemala City Cadena de Emisoras Unidas in Spanish 2350 GMT 2 Aug 85

[Text] Vinicio Cerezo Arevalo, presidential candidate of the Guatemalan Christian Democratic Pary [PDC], said this morning that the government's recent measure to raise fuel prices is regrettable. He continued, saying: Primarily the people will be affected, the same people who for years have borne a number of economic measures that do not benefit the country at all, but a small number of people who for months have been speculating with the prices of dollars. He also said that an increased fuel price will automatically raise the prices of all products of the local market. The inflation will be rampant and will primarily affect the middle and most-needy classes. In addition, all equitable and fair relationships between prices and salaries would be disrupted.

He added: The problem of the national fuel crisis is not solved through a price increase. We of the PDC reiterate the invitation to the government to discuss the various alternatives for solving this problem. This discussion would be held in public and in news media and would seek solutions to benefit all people rather than a reduced number of speculators. In conclusion, he said all governments are responsible to the people. No measures that harm the people and impoverish them should be taken. Measures should be taken according to our needs so each Guatemalan can live with dignity, meet his needs, and develop fully to help establish democracy in Guatemala.

EDITORIAL CRITICIZES GASOLINE PRICE INCREASE

PA022309 Guatemala City Radio Nuevo Mundo Network in Spanish 1100 GMT 2 Aug 85

[Station editorial: "The Gasoline Price Incrased Is a Crime Against the People"]

[Text] No doubt, Guatemalans are experiencing our darkest moment in our history, and not as a result of a true economic crisis, but rather due to the ineptness and irresponsibility on the part of our rulers. They do not want to realize that for the oppressed people the yoke can become the straw that breaks the camel's back, unleashing a civil strife with unforeseeable consequences.

The gasoline price increase provides a complete picture of our brand new economists and planners, who only serve to misguide our rulers, since they cannot give the right arguments lest they shoot from the hip, as happened before to officials who dared to submit accurate advice that hits the pockets of the mighty. No mildly intelligent person doubts that the oil crisis was fabricated to make the people accept the increase because of the alleged lack of foreign currency to pay the oil debt.

And so, who stands to gain? The same businessmen. They are never losers. Meanwhile, the people can go to hell. Let them eat dirt, garbage, or mud, of which we have so much in our streets. With this criminal gasoline increase, everything will go sky-high. Those workers who earn 200 quetzales, when they have a job, will have to be satisfied watching the showcases and street displays, and feeding themselves with contaminated air, because they will not be able to buy even 1 pound of beans daily.

The truth is, this is nothing more than a crime against the people. This increase will only deepen the crisis and kill us progressively, due to a lack of all incentives, including the blessed beans that today cost as much as caviar.

NICARAGUA

FSLN ANNOUNCES POLITICAL REORGANIZATION

PA051634 Managua Radio Sandino in Spanish 1300 GMT 4 Aug 85

[Text] The FSLN National Directorate has announced a political reorganization that includes the creation of an Executive Commission to replace the Political Commission. This Commission will represent the FSLN National Directorate before the organizations and membership of the FSLN. It will act as an implementation organ of the FSLN National Directorate, but will not assume any of its authority.

The Commission is headed by Commander of the Revolution Daniel Ortega Saavedra, as coordinator; Commander of the Revolution Bayardo Arce Castano, as deputy coordinator; and includes Commanders of the Revolution Tomas Borge Martinez, Humberto Ortega Saavedra, and Jaime Wheelock Roman. Regional committees have also been set up to coordinate the general work of the FSLN in the regions. These committees will represent the National Directorate and will be made up of 1 coordinator and 10 members who will be outstanding cadres within the revolutionary power structures and will be entrusted with the priority tasks in each region.

It was also decided to reorganize the Sandinist Base Committees, in both its operation and structure in order to correct any deficiencies. The Zone Committees will also be evaluated, and their present structure, functions, tasks, methods, and work styles will be revised.

New Departments Set Up

PA051550 Managua Radio Sandino in Spanish 1300 GMT 4 Aug 85

[Text] The FLSN National Directorate has established seven auxiliary departments that will be entrusted with the following tasks: general affairs, organization, agitation and propaganda, political education, international organization, finances, and studies of Sandinism. Companeros Rene Nunez Tellez and Marcos Valle have been appointed chief and deputy chief, respectively, of the Secretariat of General Affairs; Lea Guido, head of the Organization Department; Julio Lopez, head of the International Relations Department; Vanessa Castro, head of the Political Education Department; Carlos Fernando Chamorro, head of the Agitation and Propaganda Department; Plutarco Cornejo, head of the Finance Department; and Flor de Maria Monterrey, head of the Institute for Studies of Sandinism.

Regional Presidency Delegates

PA051859 Managua Radio Sandino in Spanish 1300 GMT 4 Aug 85

[Text] Nicaraguan President Daniel Ortega has issued a decree appointing four new delegates of the presidency in various regions of the country. The first article of the decree specifies that Companera Marta Isabel Cranshaw has been appointed minister-delegate of the presidency, replacing guerrilla Commander Alonso Porras. The second article confirms Companero Carlos Carrion Cruz as minister-delegate of the presidency for Region 3. Articles Three and Four of the decree confirm the appointment of Companeros Federico Lopez Aruguello and Agustin Lara Valdivia as minister-delegates of the presidency for Regions 4 and 5 respectively. The present decree is effective as of the date the officials are sworn in by the president of the Republic.

Arce on Commission Function

PA051645 Managua Radio Sandino in Spanish 1300 GMT 4 Aug 85

[Text] In view of the demands arising from the growing U.S. aggression and the resulting economic, social, and political difficulties, the FSLN National Directorate held a special session with the Sandinist Assembly and agreed on a series of organizational changes. FSLN member and Commander of the Revolution Bayardo Arce Castano announced the new changes in organization during the closing session of the special session of the FSLN National Directorate and the Sandinist Assembly. The purpcose of the organizational changes are explained by Commander Arce, as follows:

[Begin recording] To strengthen the National Directorate, its overall direction, and its executive effectiveness; to place the FSLN in a better position to coordinate the basic structures of revolutionary power and mobilize the strength of the people in the defense of the revolution; to strengthen the political unity of the FSLN, and its cohesive action; to turn the auxiliary departments into instruments of effective support to the overall work of the National Directorate; to strengthen the participation of the cadres in the preparing of policy and in the evaluation of practical experience; and to strengthen the mechanisms of internal training that will guarantee us the constant struggle against the lifestyles and work styles that might separate us from the masses and our constant improvement as revolutionries. [end recording]

In order to fulfill said objectives, political resolutions were approved and adopted and were part of the communique read by the same revolutionary leader:

[Begin recording] The National Directorate is the top leadership organization of the FSLN and of the revolution, and it continues with this role, which has been strengthened. The National Directorate hereby creates an Executive Commission entrusted with organizing the execution and control of the decisions in all instances of revolutionary power. Said commission represents the National Directorate before the organizations and membership of the FSLN. The commission will be the channel of the National Directorate for all support organizations of the FSLN. This Executive Commission will be an implementation organ of the National Directorate, but it will not assume any of its authority. The National Directorate hereby dissolves the Political Commission and its executive functions are turned over to the Executive Commission of the National Directorate.

The Executive Commission will be headed by a coordinator who will report to the National Directorate on the work of the Executive Commission which he represents before all other organizations of the FSLN. The Executive Commission will also have a deputy coordinator appointed by the National Directorate to ensure the permanent connection of the commission with the structures of the FSLN, will be entrusted with the daily work, and will direct the central organizations and the auxiliary departments. [end recording]

As part of these adjustments, it was reported that as part of a permanent organization of consultation and support to the National Directorate, the Sandinist Assembly will now have 105 members and the following characteristics:

[Begin recording] The Sandinist Assembly will have two categories of members: full and alternate. It will hold one regular session per year to discuss a report on the FSLN achievements and special meetings to discuss special problems.

For practical reasons [word indistinct] politics, the National Directorate may invite some outstanding cadres to the Assembly, when these may contribute to the discussion of any particular problem. The regular meeting of the Sandinist Assembly will be held in the month of June every year, when the annual report will be given. With the support of the coordinated action of all auxiliary departments, the Executive Commission will prepare that meeting at least 1 month before. The National Directorate will periodically look after the revolutionary quality of the Sandinist Assembly. [end recording]

You have just listened to Commander of the Revolution Bayardo Arce Castano reading part of the communique issued by the FSLN National Directorate on closing a special session with the Sandinist Assembly.

PANAMA'S CABRERA CALLS VISIT 'CONSTRUCTIVE'

PA052257 Managua Radio Sandino in Spanish 1750 GMT 5 Aug 85

[Text] Panamanian Deputy Foreign Minister Jose Maria Cabrera told the "Sandinist Drumbeat" newscast: We depart satisfied because our visit to Nicaragua was constructive and positive. The Contadora Group deputy foreign ministers, who left the country this morning for Tegucigalpa, Honduras, met with Commander of the Revolution Daniel Ortega Saavedra, president, and Acting Foreign Minister Victor Hugo Tinoco within the framework of a working tour to establish the bases for analyzing regional peace alternatives. The following are comments by Panamanian Deputy Foreign Minister Jose Maria Cabrera:

[Begin recording, in progress] [Cabrera] ...very positive and constructive. We depart very satisfied.

[Question] Does this mean that you believe the conditions are present for a dialogue, an understanding between Nicaragua and Costa Rica concerning the conflict prevailing between them? Will detente be possible?

[Cabrera] Our fervent wish and hope is that this will be possible.

[Question] You are now going to Tegucigalpa. Will you take a proposal concerning the establishment of a demilitarized zone? Did Nicaragua present a specific proposal on this concern?

[Cabrera] No. Regarding this topic, we will comply with the Contadora Group foreign ministers mandate stated in the 22 July communique, and the six-point action plan. This does not represent an obstacle for us to present other proposals informally.

[Question] Do you think that this tour will result in the signing of the Contadora Group's document for peace?

[Cabrera] Eventually, yes. [end recording]

TALAVERA ON U.S. 'PRESSURE' ON COSTA RICA

PA021424 Managua Radio Sandino in Spanish 1200 GMT 2 Aug 85

[Text] The Nicaraguan Government has charged that relations between Nicaragua and Costa Rica are dangerously being affected by a propaganda plan drawn up by the United States.

Deputy Foreign Minister Jose Leon Talavera stated that the United States is exerting pressure on some sectors of Costa Rican society to create tensions between the two countries as part of an overall plan that seeks to destroy the Nicaraguan revolution. Talavera said that the U.S. Government wants to portray Costa Rica as a victim of an alleged Nicraguan aggression, repeating the same strategy it used with Honduras approximately 2 years ago.

CARRION READS YOUTH FESTIVAL FINAL DOCUMENT

PA041304 Managua International Service in Spanish 0000 GMT 4 Aug 85

[Text] Today Carlos Carrion, national coordinator of the Nicaraguan 19 July Youth, read the final document of the 12th Festival of Youths and Students being held in Moscow. The thousands of delegates from over 150 countries from all continents unanimously decided that Nicaragua should be entrusted with reading the final document of this great event.

NUNEZ EXCHANGES CABLES WITH IRANIAN COUNTERPART

LD011734 Tehran Domestic Service in Persian 1030 GMT 1 Aug 85

[Text] According to a Central News unit report following the imposition of economic sanctions on Nicaragua by America, Carlos Nunez Tellez, the president of the National Congress of Nicaragua, sent a message to Hashemi-Rafsanjani, the speaker of the islamic consultative assembly. The text of the message is as follows:

Speaker of the Islamic Consultative Assembly, in view of the establishment of close ties between the parliaments of Nicaragua and the Islamic Republic of Iran, I wish to inform the honorable deputies of the Islamic Consultative Assembly, whose speaker you are, that on 14 May of the current year the National Congress of Nicaragua held a meeting to discuss the imposition of economic sanctions on our country by the American President. By issuing a statement we ask you and all other countries of the world who, for the sake of achieving your rights, are fighting against the tyranny and hardships imposed upon you by America, to condemn the American Congress. By creating obstacles in the path of Nicaraguan economic exbhanges by land, sea or air, the American Government has imposed unjust economic measures upon our country. These limitations and economic sanctions imposed by America, and its direct military intervention in the region, leading to the outbreak of war between fraternal nations in Central America, harm all social, political and economic sectors.

Your Excellency, the speaker of the Islamic Consultative Assembly, I am honored to inform you that the Republic of Nicaragua, as an honorable country with its own legal government, condemns any foreign interference and the violation of sovereignty and territorial integrity of various countries, and openly announces its right to live in peace and to make urgent decisions regarding amendments to the Contadora Document on the basis of laws and principles. At this point in time, when Central American nations who share common cultural and historical backgrounds, and who have fraternal ties, have been subjected to political unrest and unwanted clashes by extraregional powers, such as the United States, and when their unity and territorial integrity is being violated by bullying powers, we are in need of your support. We also request the parliaments of Guatemala, Honduras, El Salvador, and Costa Rica to decisively confront these violations and interventions, and economic sanctions and trade blockades by America, and with nonparticipation in intimidating programs of America, such as war, the suppression of people, and forth, they should adopt measures to help establish peace in the region.

[Signed] Your brother, Carlos Nunez Tellez, president of the National Congress of Nicaragua

According to the same report, in reply to the message from the president of the National Congress of Nicaragua, a message was sent to Hashami-Rafsanjani, speaker of the Islamic Consultative Assembly. It reads as follows:

In his exalted name,

His Excellency Carlos Nunez Tellez, the esteemed president of the National Congress of Nicaragua:

Your Excellency's letter has been received. The dastardly difficulties that have been and are being created for the revolution of the people of your country by the U.S. Administration and Congress are not all that unexpected. This is the monopolistic and hegemonistic nature of imperialism. The world-devouring United States not only fails to tolerate your revolution, which is next door to it and constitutes a dagger in its heart, but is also incapable of tolerating revolution thousands of miles away from the United States. However, experience has shown that the colonialist paper tiger is apt to be toppled by the defiance and manly steadfastness of nations. The Cuban people, next door to the United States, the Iranian people in the so-called region vital to colonialism, the Lebanese people in the hotbed of the sensitive Middle East region, and you yourselves, in your country, with your whole being, have felt the effects of popular resistance.

We condemn these repeated U.S. crimes and stand on your side in order to smash this tyrannical blockade.

[Signed] The speaker of the Islamic Consultative Assembly, Akbar Hashemi-Rafsanjani

COMMUNIQUE ISSUED ON MILITARY SUCCESSES

PA030334 Managua Domestic Service in Spanish 0235 GMT 3 Aug 85

[Communique issued by the Nicaraguan Ministry of Defense on 2 August]

[Text] The last pockets of counterrevolutionary forces that were in the southern part of our country were expelled at 1500 today from the San Juan River banks. This operation successfully completes "Operation Sovereignty," which the Sandinist People's Army [EPS] began in June with the support of the Sandinist Air Force [FAS]. The Army took over the Sarapiqui base, after recovering the bases at Machuca, Boca San Carlos, La Penca, El Venado, and San Francisco.

Over 100 mercenary casulaties have been confirmed so far near La Trinidad, Esteli Department, after the permanent troops and the militias of the EPS jointly with the FAS went in pursuit of the counterrevolutionary groups that carried out criminal actions as of 0500 hours yesterday. The chief of the military region reported that the enemy casualties have risen to over 100, including 67 dead, 16 captured, and an undetermined number of wounded. As of 0600, mercenary forces attacked (Guapa), 17 km north of Juigalpa, Chontales Department, kidnapping 12 civilians -- including the coordinator of the municipal board, FSLN members, Sandinist Defense Committee, CDS, members -- and killing a resident.

Companeros of the EPS who form part of the Farabundo Marti Unconventional Warfare Brigade, BLI, clashed with the enemy in defending the town.

Five BLI companeros who are from Juigalpa and three from (Quapa) were killed in the action. We will soon give more details on this action.

This morning the Sandinist People's Militias rejected counterrevolutionary attempts to sabotage the posts at Cedro Macho and Cara de Mono, situated respectively at 7 and 10 km from Muelle de los Bueyes, Chontales Department. The militias did not allow the mercenaries to fulfill their goals.

Free fatherland, or death!

2 August 1985, Public Relations Department of the Defense Ministry

BORGE PREDICTS IMMINENT DOWNFALL OF ARDE

PA051918 Managua Radio Sandino in Spanish 1200 GMT 5 Aug 85

[Text] Interior Minister Commander Borge has told the Mexican newspaper EL DIA that the counterrevolutionary organization, Democratic Revolutionary Alliance [ARDE] which is headed by Eden Pastora from Costa Rica, is on the way to extinction following its ejection by the Sandinist People's Army from the military positions it occupied along the banks of the San Juan River.

He said that ARDE lost all operations bases on Nicaraguan territory following the expulsion of the remaining units of that organization from Sarapiqui. Therefore, any attack on Nicaraguan border posts in the area would be traced to ARDE positions in Costa Rican territory.

Borge said: Supply problems faced by ARDE as a result of being forced to abandon landing strips along the banks of the San Juan River, as well as existing differences among its leaders, and the fact that the traitor [Eden Pastora] seems to be experiencing mobilization problems as a result of a recent accident while travelling in a helicopter in Costa Rica, lead us to predict the imminent total downfall of this counterrevolutionary movement.

ARDE REPORTEDLY TO SHOOT AT 'PEACE FLOTILLA'

PA052226 San Jose Radio Reloj in Spanish 1200 GMT 5 Aug 85

[Text] Commander Eden Pastora Gomez, leader of ARDE, has issued an order to his fighters to shoot at the alleged peace flotilla, which is really made up of communists disguised as pro-Sandinists. Jose Davila, ARDE political leader, said yesterday that the presence of 20 Americans, members of the Permanent Christian Action for Peace Organization, is for political reasons, that they actually seek to demonstrate the total control of the Soviet-made weapons over Nicaragua, and that is why they did not come earlier to talk about peace and love. That is why they waited for the powerful forces to block all aid and they sequestered our bullets so we could not defend our rearguard in the San Juan River.

The peace flotilla will be sailing down the San Juan River within the next few days in order to express opposition to U.S. President Reagan by demonstrating the sufferings of the Nicaraguan people, said Jose Davila. As American politicians who favor the Managua government, they did not wish to give testimony to ARDE's control over the river, and that is why they are not going to talk about peace in El Almendro, Nueva Guinea, El Rama, Rio Escondido, Punta Gorda, and other places that are under the control of the rebels.

According to Pastora's orders, the anti-Marxist-Leninist guerrillas will not be held responsible for the lives of the communists disguised as shepherds of peace, and if the guerrillas can overcome the surveillance battalion on the river banks, they will shoot at the peace flotilla.

FDN DESTROYS VIEJO RIVER BRIDGE, ISOLATES TOWNS

PA011454 San Jose Radio Impacto in Spanish 1353 GMT 1 Aug 85

[Report by an unidentified correspondent in Honduras -- live]

[Excerpt] At this moment, approximately 20 small towns in northern Nicaragua have been isolated. Rebels belonging to the Nicaraguan Democratic Force [FDN] have been carrying out actions such as the blowing up of the Viejo River Bridge, between Sebaco and San Isidro, Matagalpa Department, thus cutting off the Pan-American Highway near (Cucamonga) Hill. This means that a large area -- Madriz and Nueva Segovia Departments -- has been isolated. Traffic on the Pan-American Highway has been stopped. Some of the towns that have been isolated are: San Juan de Limay, Ocotal, (Tocogalpa), (Contega), San Fernando, (Burra), (Salacaguina), Pueblo Nuevo, El Jicaro, Somoto, Jalapa, Quilali, and San Juan del Rio Coco, among others.

With the traffic stoppage on the Pan-American Highway, more than half of Esteli Department has been isolated. This means that the troops of the Sandinist People's Army [EPS] are going to have problems obtaining supplies by land, since the EPS will not be able to transport war materiel to strengthen its troops in Madriz and Nueva Segovia Departments. There is intense fighting in the area. The guerrilla presence has been increased in Nueva Segovia and Madriz Departments. The Viejo River Bridge between Sebaco and San Isidro was blown up. Sebaco is 100 km from Managua and 26 km from Matagalpa. This means that the guerrilla presence is being felt 100 km from Managua.

The Sandinist Air Force has carried out a criminal action in La Trinidad municipality which is being bombed by seven helicopters and three airplanes. There is a sad picture of death right now in La Trinidad municipality, approximately 15 km from Esteli. Seven armed helicopters and airplanes are dropping bombs on the townspeople. There are reports of many casualties.

At this moment, the people of Managua are getting ready to welcome Saint Dominguito and the Sandinist government, which is trying to divert the attention of reporters and the people, has mounted folkloric activities in 19 July Square.

CASTRO SPEECH AT FOREIGN DEBT DIALOGUE

FL040325 Havana Domestic Service in Spanish 0210 GMT 4 Aug 85

[Speech by President Fidel Castro at the Continental Dialogue on the Foreign Debt held at Havana's Palace of Conventions -- live]

[Text] Please do not be frightened by the amount of papers and pamphlets I have brought. I will merely use them for consultation purposes. Comrade Tencha [Allende's widow], thank you very much for your kind and generous remarks.

On the first day I called you distinguished guests and esteemed guests; allow me to call you dear guests today after nearly 5 days of intense and friendly work.

Carlos Rafael [Rodriguez] this afternoon said he was going to make the closing remarks, but I immediately protested the word closing. I feel that only a Gabriel Garcia Marquez could make closing remarks in a long novel because of the numerous ideas, expressions, and events that have taken place in the past few days. I will try to voice some personal views and, at the same time, stress some ideas, express my ideas regarding the topic that was the subject of our meeting.

I can understand that I have been granted a privilege by Tencha, that is to talk without limit, but that is too much, because everything has a limit -- your patience and my endurance -- and common sense advises me not to make a long speech. That privilege was not granted many of the brilliant, capable, intelligent persons who spoke in the past few days. I can understand how much it meant to them to be limited on a subject as complex as this one, that is 12 minutes, 15 minutes, or 20 minutes in some cases. But I have also had that experience. I have attended many events and have been forced to limit myself to 8, 10, or 20 minutes, and have not done as well as you have done here.

I see that I have to respond to some of the charges leveled against Cuba's activities in connection with this dramatic problem. One of the charges against Cuba is that it has adopted an opportunistic position. That is a remark enjoyed by our neighbors to the North. Also that we are trying to improve relations, that we are trying to improve Cuba's image, and a number of very peculiar theories.

I believe that the effort we have been making is not justified by any attempt to improve the image, and that is far removed from our thoughts. I believe all that has been said about image or propaganda is natural to the system they represent and they imagine because of that, that everybody that does anything on earth is doing it for propaganda or image purposes. As I told the workers in the previous meeting and also recently said at the 26 July mass rally, not even a little bird can be fed with images.

However, this is a very serious matter and we cannot allow anyone to confuse or deceive us. We should not let such traps be successful. That is why I tried to look for a record showing when we first started talking about this problem. I found by chance a record dating back 14 years, when we visited Chile immediately after the triumph of the Popular Unity.

At the time, among the many events I participated in, I was invited to pay a brief visit to the headquarters of the Economic Commission for Latin America located in Santiago. While there, I engaged in a dialogue. All those speeches were recorded and, from them, I copied some of my remarks made 14 years ago. No one knows if the debt amounted to 30 or 40 billion [currency not specified] in those days.

I said: We have read in recent days that Chile owes more than 3.5 billion [currency not specified]; it is known that Uruguay owes more than 800 million [currency not specified] and that it has to pay 80 million [currency not specified] annually. I do not know if it exports 190 or 200 million [currency not specified], but it has to import at least the same amount just to maintain the level, a difficult thing to do when its basic products are themselves running into problems of markets. It has been said that the Republic of Argentina owes some 5 billion [currency not specified]. I do not know how much each of them owes, but I ask myself: How are they going to pay back? How are they going to pay the United States? How are they going to satisfy the foreign debt with that powerful country? How they are going to satisfy the dividends? How are they going to maintain a minimum level of subsistence? How are they going to develop themselves? In reality, this is a very serious problem, today, tomorrow, or the day after tomorrow, a problem that awakens us to the reality of our countries, a problem that leads us to notice that famous difference, and that increases as the distance between an automobile moving at 10 km per hour and another moving at more than 150 km per hour.

On 20 November of this year, 14 years will have elapsed since I made those remarks. I believe that the results of what we have said after that have been a reason for concern and a question that had no response.

We can ask ourselves if there is response now and if the present situation looks like the 1972 situation. Through these years, Cuba has been calling these problems to the attention of international organizations.

I am forced to use other material I already used at the labor union conference, and I ask the almost 100 labor union leaders who are still here to excuse me for having to hear the same thing again. This was in 1979 at the United Nations, after the sixth nonaligned summit which was held in this room on September of 1979. We went to the United Nations as it is customary for countries which have hosted the summit to address that organization after the summit. We said then: The developing countries' foreign debt has already reached $335 billion. It is estimated that the total payment for foreign debt services amounts to over $40 billion a year. This represents over 20 percent of its annual exports. The average per capita income of developed countries is now 14 times higher than that of underdeveloped countries. This situation is already untenable. This was in 1979. After this part, we said: Summarizing, Mr President and representatives: Unequal trade is ruining our people and should disappear. Inflation, which is being exported to us, is ruining our people and should end. Protectionism ruins our people and should end. The imbalance on the exploitation of marine resources is excessive and should be abolished. Afterward, agreements were made on the Law of the Sea, which the United States precisely refused to sign together with a small group of allies. The financial resources developing countries receive are insufficient and should be increased. Arms spending is irrational and should end, and the funds should be used to finance development. The present International Monetary Fund is bankrupt and should be replaced. The debts of the countries with less relative development in a disadvantaged situation are unbearable and do not have a solution, and they should be canceled. The indebtedness is financially overwhelming the rest of the developing countries and that burden should be eased. The economic gap between developed countries and those countries which want to develop, instead of becoming smaller, is increasing and should be eliminated. These are the demands of underdeveloped countries.

Then, the debt was 335,000 [335 billion], around that figure. I began to talk about it when it amounted to 35,000 [35 billion] and possibly that of the entire Third World did not reach 100,000. I continued to speak up when it reached 335,000 [335 billion] and I talked again on this subject at the sixth summit meeting in New Delhi in March, 1983. Also a report was made, distributed to all delegations, and sent to all the countries' heads of state the same day this UN speech was sent to all the countries in the world, all the developing countries, rather, to all the underdeveloped countries and to all industrialized countries. In that meeting, I talked again about this subject. In addition, I spoke of the problem of unfair trade, what it was, how it affected us, and gave some examples.

In 1960 we said, with the sale of one ton of coffee, 37.3 tons of fertilizer could be bought. In 1982, with the same amount of coffee, only 15.8 tons of fertilizer could be obtained. We, the Third World countries, usually export coffee, cocoa, and other goods and import fertilizers, from the developed world's chemical industry. Fertilizers are needed to produce coffee, corn, or wheat. However, each time we have to hand in more coffee to obtain less fertilizer. And they do not want hunger to exist.

In 1959, with the profits from 6 tons of jute fiber one could buy a 7- to 8-ton truck. Toward the end of 1982, 26 tons of jute were needed to obtain the same truck. In 1959, with the profits obtained from the sale of one ton of copper wire, 39 X-ray tubes for medical purposes could be bought. At the end of 1982, with that same ton, only 3 X-ray tubes could be obtained. We are jute and copper wire exporters. This is what Peru, Chile, and other countries export, or they export aluminum. The same thing happens when we compare all the products we export. We import sophisticated medical equipment, X-rays, various electronic components of every kind which the industrialized world produces, paying very high salaries. What kind of salaries do we pay? We have spoken here of minimum salaries of $30 in Peru, $40 in Bolivia, Brazil, and Chile as minimum salaries.

On that occasion, I gave other examples. I do not believe anything more is needed to give an idea of the tragedy we are suffering, subjected to this pitiless plundering. Among our suggestions in March 1983 were: to struggle unceasingly for peace; to improve international relations; to stop the arms race; to drastically reduce military expenditures; to demand that a part of those large amounts be spent on the development of the Third World, which is what we had suggested in 1979 at the United Nations; to struggle without letup for an end to unfair trade that depresses real income from exports, which burdens our economies with the costs of the inflation caused by the developed capitalistic countries and bankrupts our countries; to struggle against protectionism, which multiplies trade and nontrade barriers and impedes the access of our exports of basic and manufactured products to world markets; to struggle for the cancellation of the foreign debt of the great number of countries that have no real possibility of paying it, and for a drastic reduction in debt servicing costs for the sake of those who could meet their obligations under new conditions. When this problem was presented at the United Nations, at the nonaligned meeting, it was the subject most applauded by the majority of the nations there, including even the industrialized countries, some of which understand that this cannot go on.

These are the same ideas. The problem was seen coming. In 1983, the foreign debt was already reaching $600 billion. It was multiplying by tens, from $30 or $30-odd billion to $300-odd billion, then to double that figure and then to three times that figure. It has exactly tripled now, and the problem has assumed crisis proportions. Now, Latin America alone owes as much as the entire Third World owed and it owes more than the entire Third World owed in the year 1979 [sentence as heard]. That is, the crisis has matured, worsened terribly, and become unbearable, and this is the reason for these same ideas, better adapted to present circumstances. The tone is changing.

At first it was said that the debts of the relatively least developed and disadvantaged countries were unbearable and could not be paid. Then the tone changed to a struggle for the cancellation of the foreign debt of the great number of countries that have no real possibility of paying it -- the talk in 1983 was of a great number of countries -- and for the drastic limiting of debt service charges for those countries that could meet their obligations under new conditions. It was getting worse and worse, and the moment came when it became clear to us that almost no country could pay its debt. There are very few exceptions.

At that time, we thought Venexuela or Mexico would be among the countries that could reduce their debts. But later we realized that the situation of such petroleum-producing countries as Nigeria, Venezuela, and Mexico was such that those countries could not be excluded from the campaign to cancel the debt of all the countries of the Third World.

It is not my intention to offend anyone when I propose that the foreign debt of the entire Third World be canceled. I believe we are struggling for something that is just and reasonable. It is not my intention to offend anyone but rather to include all in the solution we had been requesting for some of the countries for many years, when the situation was not as serious as it is today. Today, prices, including oil prices, are depressed.

It is true that the price of oil had an impact on the crisis. It did not cause the crisis, and the proof is that oil-exporting countries are also in crisis. The price of oil worsened the crisis, but who was responsible for the oil crisis? The industrialized capitalist countries who abandoned their coal mines and dedicated themselves to squandering cheap fuel. The transnational companies made enormous profits and maintained the supply of cheap fuel that competed with coal, that competed with everything, but at what cost? Approximately every 5 years the consumption of fuel doubled worldwide. What nature had taken hundreds of millions of years to produce the consumer societies were liquidating in 100 years. We were running out of fuel. They squandered it with enormous automobiles. They wasted it. This became apparent after the crisis started, when they started to conserve a little fuel, and when they reopened a few coal mines and started extracting oil from certain wells that had been abandoned. But they also caused the fuel crisis with their waste, with their senseless, irrational squandering of the human and natural resources of the world. We are not ignorant of the fact that the price of oil had an impact and worsened the crisis, but the industrialized capitalistic countries were responsible.

The only change we made from 1979 to 1983 was to reach the logical conclusion, when the Third World owed almost $1 trillion, that no Third World country could be excluded. I ask whether any of the countries that are challenging the fact that Cuba is concerned over these matters and has brought it up so often when it should be brought up, whether even one of the countries that is impugning the fact that Cuba is hosting a conference to discuss these problems or the fact that anyone speaks of a problem. [changes thought] As if ideas were private property, as a capitalistic industry is! It is my understanding that ideas are not the private property of anyone. [applause] We have to ask those who are saying that Cuba is not a proper place, and that Cuba has no right, whether any one of them spoke of the problem 15, 10, 6, 5, 3 years ago, or 3 months ago! Because here, Capriles showed that he spoke of the problems 3 years ago. He showed it here with an editorial he wrote in January 1983. And he presented the problem in very similar terms. [applause]

Capriles said here that he was a businessman and a capitalist. I hope that no one suspects him of being a communist, or that he said this for demagogic purposes, or to improve his image, as possibly many have even laughed at the editorial at that moment; but I feel respect, and in this case, for a man who was not our friend. He has been a strong adversary and strong critic of our revolution, but I bow my head to and feel respect for a man who 3 years ago stated the problem in his terms. Because he had vision, was conscious of the problem sooner, he came. He had no objection to coming, participating, and speaking here.

Those who refused or did not want to attend because they did not want to play Castro's game have not said one word about the problem. But in the past few days, some have spoken hurriedly about the problem, perhaps because of an old, established concern? No, they were scared because Castro is speaking about the problem. [applause]

They even say that those speaking about the problem are communists. Well, no, Capriles is not a communist. And (Cardinal Lance) is not a communist. [applause] And it makes me happy that if speaking about the problem has at least served to make those who had never even thought about the problem now aware of it. It makes me happy because now what is needed is for everyone to discuss the problem. [applause]

I want to make clear that we are not against any government, or I can say that we do not oppose any democratic government. Fortunately, the number of countries governed by a constitution, in a democratic process, or democratic opening, is a majority. This, in part, is a result of the struggle of the Argentine, Uruguayan, and Brazilian peoples, [applause] three very important countries which have changed the correlation of democratic forces.

That process has resulted from the struggle of their peoples, and of the crisis; these two combined, because those who were in charge and governed repressively became aware that the countries were becoming unmanageable. That helped, I mean the crisis helped the process and, at the same time, the democratic processes can now help the struggle against the crisis. Because many of the statements we have made, we could not make when that situation existed in those three countries, because they were a frank majority. Today we can say that the majority is constitutional, that there is an electoral, democratic process. Each one has its own idea of a real or formal democracy but we are not disputing this. No one disputes the positive influence this democratic opening has had.

We all long for the moment when we can say: Now in Chile there is a democratic opening. [applause] And it will happen; we do not doubt it. Pinochet is the only crazy one still left from that plague [applause] who believes that country can be made manageable, no matter how much imperialism helps him and tries to alleviate the situation at the cost of an increasingly greater debt for the country.

We are not against any democratic government nor any democratic process; on the contrary, we are concerned over this economic crisis. If it does not have a proper solution, the survival of those democratic processes will be impossible. We are not absolutely against the Cartagena group. The only objection we have to the Cartagena group is that it does not apply to all Latin American and Caribbean countries as this Havana meeting has done [applause] so that they all can be here.

The argument used is that it is only for principal debtors, but this world does not consist of principal and nonprincipal countries because in the United Nations all countries, small and large, have a vote. It is possible that this battle will have to be taken to the United Nations, the OAS, to 20 places, and those votes are needed. It is good that this group leads, this Cartagena group, that it is a directing, coordinating group, for the founders of the group and the rest can join. It cannot be explained or rightly justified.

Why is there no Central American country in the Cartagena group? Why is there no Caribbean country in the Cartagena group? There is one; Santo Domingo is one but Jamaica is not. Trinidad and Tobago is not one; many other countries are not members.

Those of us at our meeting were very concerned that each country had an opportunity to speak. It did not matter if it has 250,000 or 100,000 residents. It is a country that has its anthem, its flag, its sovereignty, its rights, and has to be respected. On the contrary, it is the objection that we have publicly stated, and we understand that our struggle helps the Cartagena group's battle. We do not have anything and we are willing to support it in its struggle for a proper solution to this problem.

We are certainly not against SELA, since Cuba was one of the first countries participating in the foundation of SELA on the initiative from Mexican President Luis Echeverria, who created that Latin American economic organization. The first country to speak about it and to give its support was Cuba. We are in SELA; we support it. We agree that SELA play a role since it is a Latin American and Caribbean organization in the search for a proper solution to the problem.

We are in agreement and support the idea of a heads of state meeting which was first suggested by Argentine President Alfonsin during his Mexico visit and later President Febres Cordero also suggested it and proposed the Galapagos Islands, humankind patrimony, as the site of the meeting. President Alan Garcia, who has just assumed power of Peru's Government, also proposed it. Three presidents have suggested it. You supported it, we supported the idea of a heads of state meeting enthusiastically. You know we are not fond of the OAS but if the OAS meets, as it is said that in September they are going to invite finance and economy ministers to a meeting in Washington, great! Let them meet there, to have the United States on the carpet, so that they can discuss, can present the realities, and demand solutions. [applause] If the OAS could be of use in its lifetime and could be used for this, all it has cost and the shame it has meant for this hemisphere would be worth it. [applause We are not against anyone and with every step we have taken we are aware that this struggle helps other countries. And it is not that our positions are radical for the sake of being radical. I do not think our positions are radical or maximalist, as some say. Some say it is maximalist. No, it is realistic. Others say it is illusory. Those who believe this has a different solution are the ones who are illusory.

They blame me for saying the debt cannot be paid. They should blame Pythagoras, Euclid, Archimedes, Pascal [laughter, applause] or (Lovacheski) or any ancient, present, or modern mathematician you prefer. When I said Pascal, I did not refer to Pascal Allende but to the 18th century mathematician. [laughter] Mathematics and mathematicians' theories are the ones which demonstrate that the debt cannot be paid.

Well, I have to talk about that and I want to substantiate it because I believe it cannot be paid and how none of the formulas which have been suggested solve the situation. But before I continue, I wanted to tell you that today there was a false alarm in this room upon learning the news that the United States had declared a blockade or had taken economic measures, punitive actions against Peru.

A cable was released which attempts to explain this and reads: The Peruvian Foreign Minister Allan Wagner did not give much importance to the announced suspension of U.S. economic and military aid to Peru and stressed it is a minor incident which has been exaggerated by the international press. Talking to the press, after a meeting with U.S. ambassador in Lima David Jordan, the foreign minister underscored it was a news agency mistake which released the information and related it to matters which have nothing to do with this. He added that the explanation lies in the Brook-Alexander Amendment which is a legal measure the United States puts into effect automatically when payments fall behind. He indicated that, indeed, Peru owes Washington $100,000, part of the late payments, which will be paid immediately and said this debt has no major consequences and is a result of an administrative mistake of the previous government which should have made the payment.

Wagner insisted that this is a minor problem which has no political implications and should not be considered important. If we had known this earlier we could have saved some of the anxieties expressed here today. The Peruvian foriegn minister added that Allan Garcia's government's decision to use only 10 percent of its exports for payment of the foriegn debt is a matter known by all and has not had or does not have negative effects on U.S. relations.

The U.S. ambassador said this was a small interpretation error about the information international news agencies released. These agencies are so alarmist. [laughter] Jordan added that Peru owes the United States around $100,000 and has promised to pay. This is a simple matter to be solved and has nothing to do with the economic policies assumed by the Peruvian Government, he said. He reiterated it had been a misunderstanding because the news was misinterpreted and it was related with other things which have nothing to do with the matter. The news is false and relations between the two countries are good, Jordan said. [laughter]

These Americans are sincere people. This government is a model government. It was all a misunderstanding, a mistake.

What I think happened, and this is why I was waiting when some comrades were anxious to hear Peru's representatives' reaction, I think this was a provocation, a trap, a banana peel, [laughter] because the Brook-Alexander [Amendment] is applied when they want to, when they see fit. And in this case, they hurried to apply it. They are nervous because this meeting is being held here. The new government just took over a few days ago and they immediately apply it. They did not do it to the previous government but to the new government when it announced it will not talk with the IMF and that it is going to reduce the debt payment to 10 percent.

What a coincidence; it was an immediate measure. All military and economic aid is suspended. I believe the new Peruvian Government was calm and did not let this provoke it. But the intentions were clear. Who is going to know them better than we? [laughter]

I wanted to explain this before continuing because I will also have to talk about the 10 percent formula. I said that mathematics showed the debt cannot be paid as a rule.

I believe the rule has no exceptions. Believe me, I listened with great respect, and will continue listening with great respect, to the arguments of all those who believe it is possible to pay, but this is not my opinion. The inability to pay of certain countries cannot even be argued. But the few countries that seem to have a possibility of paying, I say it is impossible for them to pay.

What do these numbers mean? They have to be translated into something meaningful. One day it occurred to me to figure out how many years it would take to count up the Latin American foreign debt if one were to count the debt at a rate of $1 per second. Do you know how many years? Eleven thousand five hundred seventy four years. [laughter, applause] Then I asked myself how long it would take to count up the amount to be paid in interest in the next 10 years. Do you know how long a person would take, counting $1 per second 24 hours a day? It would take him 12,864 years. [laughter] If they say we are taking an extreme posture by having only one person count $1 per second, we can tell them to use 100 persons. [laughter] How long would it take then? It would take 128 years. [laughter] How can this be paid in 10 years [laughs] when 100 persons counting at a rate of $1 per second would take more than a century to count it? [laughter] Even more, if every person here counted the debt at this rate, it would take them nearly 3 years to count it. [laughter, applause]

On another occasion, it occurred to me to calculate the debt on the basis of hectares. [laughter] Latin America owes $175.30 per hectare. This is almost what a hectare of land costs. [laughter] And in 10 years, Latin America has to pay in interest -- not the capital but only the interest -- it has to pay $194.80 per hectare.

It also occurred to me to calculate how much Latin America owes per square kilometer. And the figure turned out to be $17,530 per square kilometer, and Latin America has more than 20 million square kilometers. How much would Latin American have to pay per square kilometer in the coming 10 years? Nineteen thousand four hundred seventy eight dollars per square kilometer in interest alone! We have heard of exploitative large landholders. But I know of none who charge this much to rent land. [laughter]

How much does each inhabitant owe? Some owe more than others, as you know. [laughter] Each inhabitant owes $923, with 390 million inhabitants. How much do they have to pay in interest? Only $1,025 per inhabitant in the coming 10 years. The cost of living is becoming really unbearable, as you can see, when each one of us has to pay, on the average, $1,025 just to breathe.

There are countries such as Costa Rica that are not very large that owe $100 million per square kilometer. How will they pay? They would need a small gold mine, or perhaps a large gold mine on each square kilometer to earn foreign exchange. Because they do not owe Costa Rican pesos or sucres or bolivars, but dollars that must be acquired on the international market by exporting products if they can produce them, if they can be sold, and if they are paid what the products are worth. Nothing of this exists. Underdeveloped countries do not have much to export, are not paid what their exports are worth, and cannot manage to sell their products anyway. So I say that if someone proves to me that Costa Rica can find a gold mine on each square kilometer and finds 50,000 gold mines, then I will say maybe, perhaps. [laughter] If the mines yield pure gold nuggets, then they might be able to pay. Nuggets like this, like river rocks, but made of gold! [laughs]

I made other calculations regarding the continent where such hunger exists that many persons consume 1,200 calories and less than 2,200 calories [as heard], where there are so many undernourished persons, where there are 110,000 unemployed and underemployed, where there is starvation, as you have pointed out, where 70 percent of the population lived on or below the poverty line. I have calculated how it would be possible to feed the population of Latin America with what must be paid out in interest payments. My calculations show that each of the 390 million inhabitants -- I calculated on the basis of 400 million, adding 10 million, in case the mice ate up a little of the food -- and, with the present price of wheat, each of the 390 million can be provided with 3,500 calories daily and 125 grams of protein for each person every day, for 17 years!

They ask a continent burdened with unemployment and poverty to pay in interest alone in a period of 10 years the equivalent of 3,500 calories daily and 125 grams daily, which is much more than is required, for 17 years! In interest alone! Is this logical, is this sensible, is it rational? Well, this is the truth that the figures give us. The fact is that it is not easy to pay such amounts, as I have said. Markets are required, and where are these markets? The IMF tells everyone to export, but what are they going to export? More coffee, more cacao, more sugar, more meat, but not if they are going to get paid less and less. And to whom will they export if protectionism increases daily with trade and nontrade measures affecting an additional country every day? Today Mexico, yesterday another country. Mexico's exports were affected to the tune of about $3 billion this year by the cancellation of certain of the preferential tariff rates. It was done with the stroke of a pen.

One of the representatives of Colombia spoke today of the coal mines, and in fact a great open pit mine is an important source of wealth. But I also know that if the price of coal drops from $50 to $39, protectionist measures of $10 or $9 per ton are proposed in the United States so Colombian coal will not reach the coal-burning powerhouses of the eastern United States, of which there are 79 that could buy that coal. But the U.S. coal producers demand a tax and it could easily happen that a country could make an enormous effort at great expense and, when it begins to export coal, find itself faced with a $9 tariff on its coal, because those gentlemen are much more important in the U.S. Congress; they have a lot more weight.

In the United States, they make war not only against us, but even against their competitors; there are more than 80 protectionist measures against Japan proposed in the U.S. Congress because they are desperate. In their insanity they cannot determine how to solve this mess so they invent protectionism once again. They are applying strict protectionist measures against us, the producers of sugar.

The Martiniquais said here that the sugar mill had closed. The Panamanians know that the Vayano sugar mill for which they made a dam for a large electric plant, a modern sugar mill, has been closed for 4 years.

But of course, if in 1981 the United States was buying 5 million tons of sugar, in 1984 it purchased 2.7 million tons, this year it is buying 2.6 million tons, and in 1987 it will purchase 1.7 million tons. How can the economy of sugar-producing countries have the market reduced from 5 million tons to 1.7 million tons in 6 years? It was the same market that was taken away from us. It was divided — like candy, everywhere, our quota in exchange for the isolation of Cuba. Why forget such things? We do not want to remember it, but it happened. Now the quota is taken away from them. Is it that they have made a socialist revolution? No, unless I have been wrongly informed by these press agencies. [laughter and applause] They adopt those measures, and then increase exports to get dollars when the market closes. Everyone should export and they close the market. Where will they export?

Yes, we know that there are millions of necessities but those that have them do not have the money to pay. They require Latin American countries to make debt interest payments in dollars. No one disputes the capital. They are not concerned because they know that every 8 or 9 years they recover the capital and recover it again. In 30 years they recover it 3 and one half times. They can forget the capital because the interest alone is enough. The problem -- where will they export? The IMF comes around and it wants imports reduced.

How can they increase exports? Everyone knows they need supplies, equipment, spare parts to increase production and to increase exports. If they were able to accomplish that miracle, as some countries have been able to for a year -- it cannot be done for much more than a year because the stock of raw material, parts, and equipment is depleted. I am not speaking of development. That lasts a year like a bolt of lightning. They say, yes, import less. Where will they get the resources to increase exports and, if they do increase exports, where are the markets? If they increase the exports and there are markets, what price will they receive?

We know that in 1984 the Latin American countries exported $95 billion worth of goods. What an effort to increase production from $75 billion to $95 billion and with reduced prices! That same money they would have obtained, that same purchasing power they would have obtained in 1980 with $65 billion with 22 percent less merchandise. They worked; they killed themselves producing more. They exported it and received the same amount they had previously received for 22 percent fewer goods, the purchasing power of that merchandise 4 years previously.

What country and what economy can adapt to all those catastrophes and all its effects? Then the monetary fund intervenes and says remove the tariff barriers. It counsels everyone and the prescription comes from Chicago. The IMF was always a member of the Chicago system from what can be seen. Remove the barriers; compete. The competition (Tommy) spoke about yesterday between the lion and the lamb.

When I passed by him I asked: (Tommy), did you say between the lamb and the seal? He said: No, no, do not change my words. I said: Between the lion and the lamb and between the shark and the seal. Correct. Two excellent examples were given yesterday by our friend (Tommy) in his brilliant speech.

Well, compete. Compete with the robot machines in Japan and with automated production. That is what happened in Uruguay. Even the factories that make hair ornaments were forced to compete with a transnational factory from South Korea, and in a few days it went bankrupt. The factory closed and they were importing hair ornaments from South Korea. That's the prescription. They say: Remove the tariff barriers while they, the industrialized countries, raise them in relation to our products.

All these are realities that we should not forget. If we forget unequal exchange, if we forget the excessive interest rates, if we forget all the tricks and all the piracy acts they are perpetrating, then one could begin to dream one day, only one day, that the debt can be paid. However, there are many other realities, and when we depart from those realities, I'm speaking of economic realities, it is impossible. The technical formulas do not resolve anything. In that interview, I am explaining, trying to explain distinct hypotheses. I referred to four hypotheses. Our friend Juan Bosch, based on those four hypotheses, explained the problem in Santo Domingo, what was happening with the Dominican debt.

Now the formula has been set forth. I had examined the "B" formula, to pay with 20 percent demonstrated that it could not resolve the problem. Now the formula of the new Peruvian Government of 10 percent has emerged. It is indisputable that it is a step forward to present that formula in relation to what is going on.

To say that there will be no discussions with the IMF, that only 10 percent of the revenue from exports will be used to pay the debt, is a step forward. Do you know how much Peru exports? Exactly? $3.1 billion. It imports approximately $2.9 billion. The debt? We already know that: approximately $14 billion. In interest alone Peru has to pay $1 billion every year. This is their decision, their right.

Neither the IMF nor imperialism like the idea one bit of someone saying that he will pay only 10 percent [of the revenue from exports]. However, would the 10 percent formula solve the problem? I am speaking in economic, in mathematical terms. It will not resolve the problem. This can be clearly demonstrated. I asked some companeros to use the computer and make some estimates. As you know, I did not have time to do it because I have been meeting here with you. I have listened to the hypotheses. The Peruvian Government says that it will be paying with 10 percent [of the exports] for 1 year. I say fine, let Latin America implement the formula of paying 10 percent not for 1 year but for 20 years. What would happen? Supposing there is a 20-year grace period, no capital sum, only 10 percent of the revenue from exports is used and even if exports grow above the 100 billion figure -- and we do not export 100 billion yet -- the payment on the interest would not be higher than $10 billion annually. Suppose the interest rate would be approximately what it is now and that no new loan is secured: what would happen? What would be the situation at the end of 20 years? In 20 years we would have paid $200 billion. Latin America would have paid this amount if all the countries were to implement this formula.

At the end of 20 years, the Latin American debt -- once the principal, the interest, and the interest that became principal are added up -- would be five times what it is now, supposing that no more than $10 billion is paid. The debt would be $2,075,140 million... wait, let me explain. There is a million, a billion, and a trillion. There is a million, a billion and millions of millions. So the debt would be $2,075,140,000,000, more than five times what is owed today. This would be our brilliant future in 20 years, after having paid $200 billion. Imagine all the things that can be done with $200 billion. I am talking about resources not taken out of the country.

A second possibility: This proposal calls for a miracle. It calls for a 20-year grace period, and the payment of the debt with revenue from 10 percent of the exports, without limits -- even if the exports go beyond the 100 billion mark, to 200 billion. The interest rate would have to stay at the current level, and exports would have to increase to the fabulous rate of 10 percent annually for 20 years.

It would be good to ask the Dominicans, or any country, if exports can increase -- without security new loans -- at an annual rate of 10 percent for 20 years. This would be the average annual rate. What would happen at the end of 20 years? At the end of 20 years, with exports increasing 10 percent annually, we would have paid $572,752,000,000. Do you know how much we would still owe, in this hypothetical and fabulous case? We would owe $1,198,715,000,000. Approximately four times what we owe today. Also a brilliant future. This is what mathematics, Pythagoras, and the others I have mentioned, state.

Another miracle-calling proposal: The interest should be reduced to 6 percent and no more than $10 billion would be paid annually, of course. As in proposal one, we would pay $200 billion in 20 years. At the end, and supposing that the interest charged is only half of what it is today, we would still owe $885,732,000,000. Another brilliant future. We would be completely independent. We would have to find somebody to count this money, and he would take a long time to count it.

With this hypothesis, the debt would be perfect. Without a cent we could perform the miracle of securing markets and prices, everything, increase exports at an annual rate of 10 percent for 20 years with an interest rate of 6 percent and we would pay with the revenue from 10 percent of the exports every year. There it is. What would happen at the end of 20 years, at 6 percent? We would have paid $427,292,000,000 and we would still owe $444,681,000,000. A fabulous amount! This is 100 billion more than what we owe now. A brilliant future after performing all sorts of miracles.

This is not a whimsical statement. If instead of 10 percent say we pay 5 percent, the same thing would happen. We must understand that the debt is like a cancer that multiplies itself, that destroys the organism. It is a cancer that requires surgery. I assure you that if there is no surgery, the problem will not be solved. No single malignant cell can be left. [applause] If a malignant cell is left, there will be a metastasis, the tumor reproduces, and it quickly brings destruction. We must understand this: The debt is a disease.

Some have spoken here about diseases, of virus, and other things. Msgr Mendez Arceo spoke about the virus of anticommunist campaigns. . Other have also used figurative language. There is nothing more like a cancer than the foreign debt. There is the malignant tumor. If you leave half of the tumor, one-fifth, or even 1 percent of the malignant tumor, the tumor will reproduce itself. What we want is to resolve the problem that imperialism has created. Imperialism has created this disease, this cancer. This has to be totally extirpated by surgery.

This is the issue. Whatever strays from this idea, is simply straying from reality. There is no technical formula for this true situation that is not going to improve, but will get worse. Unequal trade is more unequal today. I think this can be understood even by a first-grader who knows how to count and is given an idea of what 1 million means.

This is what any analysis of the situation makes evident. How to resolve this situation? We can see it is a cancer, that the problem has to be resolved, and one wonders from where the resources will come. This is the first thing we ask. Thinking about this I have wondered: Where are the resources?

It is clear that in the world there are resources to resolve this disease affecting the life of billions of people and killing more people, I am sure, than cancer. We can conclude that when we analyze the number of Third World children who die before they are 1 year old and when we analyze the number of children who die before they are 5, and those who die between the ages of 5 and 15, we can see that. When we estimate the life expectancy in many countries, as a result of malnutrition, when we consider the number of people who are physically and mentally handicapped -- we have spoken here of tens, and hundreds of millions of children who grow up with limited mental capabilities -- we can see that.

Cancer causes much damage. Doctors recommend surgery whenever there is a cancer. This situation kills more, many more people than cancer. Are there resources? Yes, there are. What are they being used for? To plan the death of people, in war, in the arms race, in military expenditures. In 1 year alone, $1 trillian are wasted in war preparations, in military expenditures. This is more money than the entire debt.

This is not logical. This can be understood by any human being, by any citizen, regardless of ideology: It is worth liquidating the debt with a small portion of the military expenditures. We are not speaking of the Latin American debt. We are speaking of the Third World debt. It would take as a maximum, depending on interest, 12 percent of the military expenditures. This would be enough.

In the military expenditures are the resources necessary also for a new international economic order, for establishing a fair price system for Third World products. This could amount to approximately $300 billion. This would increase the purchasing power of the Third World countries, which are not going to put the money away.

They are too hungry to put the money away. They are going to invest the money in industries, they are going to spend it in some way. There would still be $800 billion for military spending. This would be enough to destroy the world several times, with this madness, because this is a huge madness.

But well, these cases exist in the world. We must develop an awareness that these problems exist in order to solve them. How many tens of millions of people are being threatened by this, how many people are harmed every year! Millions of persons are made miserable. However, we are now linking the two things. But the problem is not solved by canceling the debt, by abolishing the debt. We would be in the same position, because the factors that caused this situation are still present.

We have brought up those two factors, which are associated. We have brought up other ideas, but first of all, we must develop an awareness among ourselves. We must develop this awareness not only among ourselves, but among all the countries of the Third World. That is what gives us strength.

We must develop an awareness among the industrialized countries. We must send a message to the public opinion of the industrialized countries, to show them that it is all a great madness. We must send a message to the workers, students, women, the middle classes. They have other problems. Perhaps the solution to our problems can help solve the problems of others. That is why we have brought this up, and it is very important to tell the public of the industrialized countries that these solutions that are proposed will not affect them. They will not increase their contributions, their taxes; this is not necessary. These resources can be subtracted from military expenses.

We must send a message to bank depositors and we must tell them that these formulas will not ruin the world's financing system. If the resources to solve the problems of the debt and of the new economic order are taken out of military expenses, then no depositor will ever lose his money. There are millions of persons, including workers, middle class people and professionals, who are being told that these formulas we are now referring to will result in the bankruptcy of the banking system and those who have money deposited in the banks will lose their money.

We must send a message to the workers, whose main concern is unemployment -- the source of Europe, of the United States. We must tell them that this formula would increase the purchasing power of the Third World countries. Industries would be used more efficiently. There would be more sources of employment in those countries. Some would be affected more than others. By the way, I just read an article entitled Castro: [Words indistinct] I am going to tell you the truth. I even forgot that [word indistinct] existed when I started to think over these facts. But there must be a certain coincidence. I pointed out, of course, that once the huge masses of the needy people of the Third World increase their purchasing power, then this means trade would also be increased, and exports would be increased, and employment would be increased. Capitalism will not be saved. Capitalism has no possible salvation. The problem is that we might die before capitalism dies. That is the problem. [applause]

They are going to starve us to death if they continue investing money in weapons. He who wants to live must be willing to give his life for the land. It is possible that mankind might be over before capitalism is over. It would be a good idea to put a small straitjacket on them and tell them: Do not spend 1 billion, do not spend 1 trillion, spend only 700,000 or 600,000. This still leaves you enough money to spend on the many follies you are spending money on. I think the underdeveloped world, the Third World, should push this idea.

Are we going to give up the idea of struggling? Are we going to be pessimistic? Are we going to believe that nothing is worth anything anymore, our minds, our wills? If we win the public's minds in the industrialized countries, they have two big problems and two big fears. The Third World man never has time to worry about war, because he is dying every day. Those of the rich world have many things, beautiful and magnificent things, excellent cities. They are well-fed, more or less. They have two main concerns: war and unemployment.

I think it is absolutely correct, it is a good tactic for us to link our problems -- which are underdevelopment, poverty, all of these social calamities -- with the worries of the public of the industrialized world. They worry about war, because they have time to think about war, and what a war entails. They clearly see that all of this madness of accumulating more and more nuclear weapons will lead to a great disaster, unless this comes to a halt. We can associate our worries over peace with unemployment in the industrialized world. We must be capable of transmitting this message.

Many people think in these countries. Not all of them are owners of transnational companies. Not all of them are warmongering individuals. I think this struggle might intimidate the warmongering individuals. Naturally, imperialism needs [words indistinct].

Somebody said here, I cannot recall if it was Lopez Michelsen, what disarmament means. He was proposing disarmament, a halt to the arms race for the Western world, and not for the socialist countries. Educadoran President Febres Cordero was visiting here when I was analyzing these problems. He asked me a question about disarmament of the Western world. I told him, no, look, if the Western world were to unilaterally disarm itself while the socialist world continues arming itself, then what I am saying would not be just. What I am proposing would not be worthy of any respect. [applause]

I know how the socialist countries think. The socialist countries know very well what war is, much more so than the U.S. public. The USSR lost 20 million people, Poland lost 6 million, Yugoslavia lost 1.5 million people.

The war was not felt in the United States. The United States did not have the slightest idea what was going on, while the experience is still fresh in the minds of the people in socialist countries. The United States was never interested in being part of the war. U.S. territory was surrounded by nuclear bases [as heard], armoured vessels, submarines, bombers, and all kinds of weapons. Now they want to know why others arm themselves, which is equivalent to asking us why we arm ourselves having, as we have, a neighbor that threatens us every day. In reality, I must say to you, what else can a country like ours do, except be ready to pay a high price for its life? Not only that, but be ready to foil an attack against our country. [applause].

Unfortunately, as part of our backwardness, the uniform was also seen with much mistrust, reserve, and in general with fear and hatred. Today every man and woman in this country wears a uniform. I recall what a Bolivian priest said -- showing an extraordinary and impressive honesty -- about his impressions of the ideas that previously prevailed in this respect. Of course, this reminded me of the venom mentioned by Mendez Arceo, because they are experts in producing venom using this bacteriological weapon, which is a good description of imperialist propaganda: to sow venom everywhere, in great quantities. However, today our people respect, and not only respect, but love the uniform. Every man and woman wears a uniform, because the military duties are no longer entrusted to a group of citizens, they are the responsibility of all the people, of all the men and women apt to fight in this country. The weapons are in the people's hands, in the factories, and the working centers. [applause]. There is no reason to be afraid of uniforms or weapons, because this necessity has been imposed on us. I must also say that the military duty has been discredited, although the duties of a fighter, of a soldier, can be very honorable, particularly when, and as long as the soldier's and the people's cause are the same. [applause]

We know what could be done with the funds invested in weapons, if we did not have to build trenches, fortresses, [words indistinct] and employ dozens and dozens of young men, experts, equipment, resources, and so forth. We know how many houses could be built with the resources we must use on weapons. We know how many schools we could build; we have built thousands of schools, all the children in this country have a school. However, we also want to have art schools, one in each province, as well as vocational and professional schools, and we are implementing our program little by little. Our needs are never satisfied, because they are unlimited. When we have solved the problem of schools, hospitals, medicines, we realize that we need houses, and when we build the houses we find out that other things are missing, such as recreational areas, and funds must be invested in this. When people reach the 9th grade level, as our people have, they must develop their cultural background.

We must build art schools in all our provinces, as well as theater groups. Wouldn't our funds be better invested in these things? All the funds we have had to spend during these 20 years... why would we want weapons? Why would a socialist country want weapons? Why would it need an arms race? Why would it need any wars? Socialism, as I interpret it, and as all socialists and true revolutionaries interpret it, has nothing to do with weapons. Who, except for a mad person, would believe in today's world that the contradiction between socialism and capitalism could be solved through weapons? Imperialism needs weapons because it is an orphan from ideas. [applause]. It needs weapons in order to sustain its opprobrious system; it needs weapons in order to maintain situations such as the one we have discussed here; they must be maintained by force. However, there are ideas that can be used successfully against other ideas. Ideas do not need weapons if they can convince the great masses. The contradiction today is between socialism and capitalism, and no one should think about solving it by force. Anyone who thinks so is crazy, and the imperialists are the ones who think so, the ones who maintain military bases all over the world, who threaten everyone, who intervene everywhere.

Where are the military bases of the socialist countries? The United States has hundreds of bases, it has squadrons in all the oceans in the world. Someone here mentioned the Diego Garcia base, and also the Malvinas Islands, where the United States has established a base. It also wants another island in that sector for its crazy "star wars" project: Easter Island, which is located 4,000 miles from Chile. Everyday the United States is obsessed with finding an island, which may be a small island, or a piece of land, something to maintain its dominating system by force, its system to continue sacking the world. There is philosophy that says that the world must be sacked, and since this can only be done by force, it explains their philosophy and blind faith weapons.

If socialism does not seek to take away anything from anyone, not even a piece of land, or to exploit the work or sweat of anyone, why should it need weapons, really?

I base my thoughts on this concept. I am sure that all the socialist countries know what can be done with the resources that are spent on weapons. When I say this with total conviction, it is not because I have written a letter to the leaders in socialist countries asking them if I can propose this, or if they agree or not. I am guided by the most elemental logic, and I am sure that it is the socialist concept. I am sure that the socialist countries that do not have the problems that the Third World countries have -- although there are some socilaist countries in the Third World -- are greatly concerned over war. I do not have the slightest doubt, and I know this through statements they have made and because I know how they think, that the socialist countries would support the Third World in this struggle to solve the economic crisis and the problem of the debt and the new international economic order [applause].

When we speak of abolishing the debt we mean all the debts the Third World has with the industrialized world, and I am not excluding the socialist countries. When I speak of the new international economic order and fair prices I am not excluding the socialist countries. I am sure that the socialist countries will understand and support this. It will represent a sacrifice for them, but they will support these views.

Earlier I mentioned the issue of the rights to the sea. I remember when this struggle began in Peru, Ecuador, Chile, and Mexico, bach when the socialist countries had big fishing fleets in the oceans, on the high seas. We had already developed an important fleet. Historically, we fished off the coast of Mexico. The limits were 12 miles off the coast of the United States, Canada, any country. The 200-mile limit affected us. However, we did not hesitate, and we supported the Latin American countries, the Third World countries, in their demands to speak to the socialist countries. We spoke to the socialist countries and asked them to support the issue and they did support the demand for the 200-mile limit. The Peruvians are aware of this; Mercado Jarrin [General Edgardo Mercado Jarrin, former Peruvian prime minister] is aware of this; and those who worked with that government are also aware of this.

The socialist countries were being greatly affected by this because they had thousands of millions [monetary denomination not further identified] invested in big fishing vessels, but we were also affected. We were one of the most affected but one of the ones who most defended this 12-mile issue.

An agreement was reached and now the United States wants to be master of all the sea beds beyond the 200-mile limit for its transnationals, using and abusing its technologies, to exploit these resources to get chromium, minerals at lower costs and to further ruin the Third World that does not have this type of technology to go out into the Pacific and the Atlantic to search for minerals. What kind of future awaits us? The Law of the Sea states that the United States could continue its investments, which would benefit all the countries, but the United States and some of its allies will not accept this. Therefore, I have no doubt that the socialist countries will support this cause.

However, it is very important that we be aware that this is not only a Latin American struggle, it must be a struggle for all the Third World. This is what gives us the strength. They face the same problems we are facing, and some of them have even greater problems. However, Latin America can be the leader in this struggle. Latin America has more social and political development; it has a social structure: it has millions of intellectuals, professionals, tens of millions of workers, peasants; a level of political preparation; and it speaks the same language.

The Africans face a more desperate situation. There are approximately 200 billion [as heard] of them, but their situation is even worse. They have to depend on food being sent to them. Their situation is even worse than Latin American's. However, the countries of the Third World that struggle at the United Nations, the Group of 77, those that struggled for a new international economic order, are aware of these problems.

Here in Latin America we speak the same language. It is true that there are some French, English, and Portuguese-speaking people. Those who speak Portuguese can understand Spanish perfectly, and we can understand them when they speak. Some English-speaking countries like Belize and Curacao -- I think they speak Papiamento, I believe that is what they call it -- spoke in Spanish to us. Therefore, the communication existing in this region of the Third World does not exist in any other region of the Third World. We do not see this in Asia, Africa, or any other place. Indisputably, the area, the part of the world that has the best conditions for leading and waging this struggle, is Latin America. It would be very difficult to hold a meeting like this one in Africa, or in any other part of the Third World, like Asia. We have a greater level of political development, of social structure. Latin America has more economic, as well as political potential. These are basic principles. It is not just a single idea, just the idea of abolishing the debt. It is associated with the idea of the new order. In Latin America we have to associate it to the idea of integration because even if we are able to abolish the idea of the debt, achieve a new economic order, without integration we would continue to be dependent countries. If Europe does not feel it can survive without integration then how can these countries -- countries of various sizes, some countries are bigger than others; of course, Brazil has greater possibilities, but even Brazil needs this integration -- live without integration. Brazil needs the rest of Latin America and the Caribbean, and Latin America and the Caribbean need Brazil. All the countries of this hemisphere need integration. This economic integration is what we have been talking about. It is essential, it is basic. The idea is basic, but the problem is when and how to implement this.

I believe that as these ideas are heard within the ivory towers; as these ideas become the ideas of the masses, of the public opinion, of the people, of the middle class; as these ideas become the ideas of the workers, peasants, students, of Latin America; these ideas will sooner or later triumph. [applause] Everyone knows that in a historic phase if the leaders do not advance the masses will advance and carry out the historic objectives. [applause]

Another essential idea is that of unity. We have been speaking about this from the very beginning. Unity within the countries and unity among the countries. The basic conditions for unity are born within the countries and luckily, we see this in most countries today. However, I have explained that this unity has not been achieved by all countries. No one can hope for unity under tyrannies like Pinochet or Stroessner; there are also other situations. However, these cases are not a majority. The idea of unity from within is necessary. This creates strength from within the countries to wage this struggle; and unity among the Latin American countries creates strength; and the unity among all the countries of the Third World creates strength. I am sure that this struggle would even have the support of many industrialized countries; countries that are not world power centers and that have also been affected by the monetary and adventurous policies of the U.S. Government's administration.

Furthermore, I feel that if this struggle is waged properly, the United States will be isolated. All they will have left is a few partners, those that support the sanctions and apartheid in South Africa, the same countries that refuse to sign the agreements on the seas. I am sure that if this struggle is waged to the end, they will be isolated. This is why they are going to try to use every means to divide, frighten, and intimidate the countries. We would not be at all surprised if because of their nervousness they may have dropped a banana peel on Peru or launched their provocation against Peru.

An important issue brought up at this meeting, the reason why I found it necessary to explain at length and which Rangel [not further identified] brought up, this is the second time he has set this trap for me; at the meeting of the unions he did the same thing, he asked a question while speaking, regarding the dialogue. He set a trap in the good sense of the word. He asked whether there should or should not be a dialouge. I went back to review what I had said about this, and thought it over very well. In an interview with EXCELSIOR, you must have that interview because you have been given much of this material; many plans are based on this and you had access to these plans but I doubt you had enough time to review them. I feel that not even Rangel has had time to review all the material because if he had had the time, I am sure that he would not have asked the question. [laughter] He asked about the possibility of economically blocking the Third World and intervening us because of the debt as was done earlier this century in Haiti, the Dominican Republic, and other countries; and then distribute the world among themselves to ensure a supply of raw materials and markets as happened in the past.

Today it is absolutely impossible. The struggle for such a rational demand as the solution of the problem of the foreign debt and fair economic relations between the Third World countries and the industrialized world is so essential for the survival and the future of the Latin American peoples that it would undoubtedly have the support of all the social groups and would create a great internal unity in all countries. Most certainly, a great unity among all the Latin American countries would have, without any hesitation, the enthusiastic and decided support of all the developing countries in Asia and Africa. I have no doubts that even many industrialized countries will support these demands. I have no doubts that the best and the most constructive way to resolve these problems is political dialogue and negotiations. It would be the only way to carry out essential solutions in an orderly manner. If it is not done in this manner, there is no doubt that a group of countries -- and this idea is very important -- carried away by a desperate situation, will be forced to adopt unilateral measures. This is not the best solution, but should this happen, I have no doubt that all the Latin American and Third World countries will join them. [applause]

This idea is once again reiterated during an interview with a U.S. congressman and academician who will be publishing a book based on these economic views. I told them that at this moment the industrialized countries have no rational and effective formula to confront the crisis. They do not have it.

I believe that the main problem is based on the fact that the nature and seriousness of the problem is not understood. Understanding the nature and seriousness of the problem would even help the companies that trade with those countries; those companies that produce merchandise with those countries. And the creditor states would not experience economic problems, on the contrary, they would increase their levels of employment and the use of its industrial capacity. The banks would experience no losses; the clients of those banks would not be faced with the payment of additional interest. If this can be understood, if they can become aware of this, I feel that the path toward a solution would be much easier through dialogue and agreements among the industrialized countries and the Third World countries. As I said before, the only area that would be affected is the demented arms race, the crazy idea of weapons and war. Unfortunately, it would only be slightly affected. It is a healthy measure because we would begin to defeat the most harmful and shameful disease of our days. If the new world economic order proclaimed and agreed on by the United Nations is applied as an indispensable complement to the cancellation of the debt, this would represent a greater reduction of the military expenditures.

If this is not successful, what will happen? Instead of reaching a negotiated agreement among the parties involved, the Third World countries will impose it. Have no doubts about this. The fact of the matter is this: materially, it is impossible to pay the debt and its interest. For this very basic, as well as understandable, reason it will not be possible to pay the debt. The cost that these sacrifices would impose on the peoples would create rivers of blood. And all in exchange for nothing. No government would have enough power to achieve it. This matter is well worth analyzing, discussing and resolving in a common agreement between the creditors and the debtors. And we cannot forget, for a single minute, that today, the intiative is in the hands of the countries which are being asked to make such a monstrous sacrifice.

If the Third World debtor countries are forced to declare a unilateral suspension of payment, the industrialized countries would be left without a single alternative for action. An economic blockade, an invasion of the Third World, a new distribution of the globe as happened in the past centuries to ensure the raw materials and markets or demand payment of the debt -- any person with any sense can understand that this is simply impossible. They would not even be able to blockade a single country or group of countries should these countries decide to stop payment of the debt. This would immediately bring about the solidarity of other countries. We are a big family and times have changed. Some of the madness has been left behind and others, some as the ones we have analyzed at this meeting, will follow soon.

That is, we have not made a declaration of war against the industrialized countries.

We are reporting on what is happening and what will happen. It would be best if they become aware of this and all of us sit down and talk, but not to talk in order to pay the debt, mind you, but to talk about the new international economic order. [applause] In order to force them to cancel the debt, it is not necessary to talk. It is necessary to talk about the new economic order. If the fundamentals are clear enough, the two topics can be discussed, the manner of canceling the debt. We have offered a solution to them and their banks. They should be grateful to us because we have warned them about what will happen and we have proposed solutions. Well, I still think the ideal thing would be for them to become aware. Do I believe they will become aware? Of course, they are now worried more than ever. They have really begun to worry. It is good, very good, for them to worry. The sad thing would be for them to go on completely unconcerned in the midst of this tragedy. Then, if they are aware, if they understand this well, that the debt cannot be paid, then we can sit down and try to find a way to elegantly and mercifully cancel the debt.

If they do not become aware, if the situation goes on along the present path, what we have been discussing will happen. Some desperate countries -- and we have already seen some indications of this -- will make unilateral decisions and will then ask for the solidarity of Latin America and the Third World. I am sure, I do not entertain the slightest doubt that the memory of the Malvinas war is still fresh. Despite the terrible political situation in this country [Argentina], Latin American, and Third World peoples did not hesitate. In those days of war, the nonaligned countries met here in Havana and all the foreign ministers talked and talked. The Argentine foreign minister came here. We talked here with Third World representatives and they supported the Argentine people almost unanimously during the Malvinas war. In that war, no nation had anything to win or lose, economically speaking. It was a sentimental matter, a question of principle, of repudiating colonialism. But if in this problem -- that has to do with the life and death of all Latin American and Third World peoples -- a subgroup of desperate countries, even a small group of countries with some economic common sense initiates this struggle, I do not have the slightest doubt that they will be supported by the rest of Latin America and the Third World 10 times more than they supported Argentina during the Malvinas war. [applause]

As part of this struggle, we have gotten in touch with African and Third World countries, and all of these materials with which you have been burdened have been sent to the United Nations. Many of these materials have been sent to heads of state of industrial and Third World countries. We have been working and struggling in an effort to awaken an awareness to guarantee solidarity. Some indications of this were observed today. Solidarity with Peru nearly occurred. Let not anyone have the slightest doubt that if imperialism takes economic measures against Peru or any other country that is forced to take the same measures that Peru had to -- even though they are not radical -- that country will be supported by our country and, I am sure, by all of you, Latin America, and the Third World. [applause] I do not doubt this. We have no cards hidden up our sleeves. This is an open, clear strategy. Part of this strategy has been to create an awareness. This has been the fundamental objective of the dissemination of this material, to create these conditions. I am sure, compltely sure, that this strategy will not fail. Perhaps imperialism will play with banana peels, but it will slip on its own banana peel. [applause]

There is another essential idea. Capriles showed that he grasped the core of the problem when he said: If we force them to accept a suspension of payment or a moratorium, they will have to sit down and talk. He expressed the core of the idea. Then, how will this be accomplished? How will this evolve? Formulas began to appear. It was even mentioned here that if a theoretician of imperialism proposed a Marshall Plan [changes subject]. When I read this, I laughed, because the problem is so big that at least 20 Marshall Plans are required, not only one. They don't even have money, unless they relinquish their war foolishness. Formulas of all kinds have begun to appear. Of course, a basic idea is that if they are not willing to discuss the problem, they must be forced to. This means that the initiative rests with the Third World countries. When I went to the United Nations -- and I remember that $335 billion were owed -- we had planned, within the UN formula, resources equivalent to $300 billion for the eighties. At the time, we had pleaded: Please, look, the situation is serious, resources are scarce, this problem must be solved. But they turned a deaf ear, until the situation became untenable.

Now, as we explained for some time, we are not pleading, but giving. It is not too difficult to leave the arms alone, not to put the hand in the pocket, and not let others rob you. However, it is not necessary to use weapons for this. They have these weapons, yet they cannot use them against the Third World countries. Not even the space war will help them to collect the debt. They will not be able to collect the debt with space weapons, nuclear weapons, or anything. As we said in the United Nations, it is possible to kill the hungry and uncultured with bombs, but hunger, ignorance, and poverty cannot be killed. [applause]

This again becomes a struggle of the spirit, of the conscience against technology. With all their technology -- considering there are more than 100 countries in this situation that are entitled to all their rights -- they have nothing to counter a joint action by Latin American and Third World countries. This is what we are discussing. Of course, this will be solved. The ideal thing is a preliminary consensus. Will Latin American debtor countries reach a preliminary consensus before a crisis erupts? The ideal thing is a preliminary consensus, a discussion with creditors. Will this happen? The most likely development of the events leading to a crisis would be for them to demonstrate an interest to negotiate because of this grave crisis. This is most likely.

No one can predict this exactly, but I have never really believed that this preliminary consensus would occur, although I don't think it is impossible. That is to say as the situation gets worse, it is possible that this preliminary consensus among debtors will occur. It is not impossible, but I don't think it very likely. If this struggle continues, if the masses become aware, if each citizen of our countries understands the problem and the possibility of attaining a favorable solution -- because a single government cannot wage a struggle -- then they could be influenced in their decision to meet and adopt a policy and a preliminary consensus.

I have explained all this so that you know how we think and realize that this is not a war we have declared beforehand. However, we know how egotistic the exploiters and the sackers are, and we have envisaged how the future could possibly be, although no one can state with certainty how it will be. However, we must be prepared for everything. We must be prepared.

I have spoken, basically, about the economic aspect of the matters. I am not going to extend myself much more, although there remain three most important aspects. We say that the debt is unpayable for mathematical and economic reasons, but this does not represent a moral judgment of the situation, or a legal, or political appraisal of the problem.

We say that the payment of the debt is a political impossibility. No Latin American government is in any condition to implement the IMF measures. None of them. Not even with bullets and blood can they. Pinochet has tried that. He is in the midst of a growing crisis. We know it now. There was the report on the resignation of three of the Carabineros commanders because of the brutal assassination of three Chilean citizens who were kidnapped and beheaded.

Some 3 days ago I received a letter from the family of one of the victims. He left four children. One is 12, the other is 6, the third is 4, and the fourth is 2 years old. The letter has made a tremendous impact. It concluded a picture the victim had taken of himself and a poem written by him. The poem, it seems, was written about him also.

These are the facts. Yes. There are three victims. However, Pinochet is shaking. The regime is shaking because of the people's protest and that of international public opinion, in the face of the people's anger and irritation. [applause] He won't be able to stay in power much longer.

The governments of the democratic openings, how can they implement these policies when the standard of living has been reduced to half of what it was? We have seen reports that in the past 18 months the purchasing power of the people has been reduced by 33 percent and that in the past 30 months, the purchasing power of the people has been reduced by 50 percent. This is terrible.

We have seen the heroic efforts that the Mexican Government is making to pull out, to try to pull out, of the crisis. Exports, however, continue to decrease. In 1984, the trade surplus of the three most important exporting countries -- Brazil, Mexico, and Argentina -- was almost $30 billion. This year, in 1985, this trade surplus will amount, if things go well, to $20 billion. However, they have to continue paying interest mounting up to 12 billion. One country has to pay 12 billion in interest. The others have to pay 4 and 5 billion in interest. It is very difficult to manage this. It is very difficult for democratic governments to implement these policies indefinitely. The measures will be getting increasingly worse.

There would be a political crisis in any country trying to implement these policies. Pinochet cannot implement this policy, not even with the killings. It is a political impossibility to demand payment of the debt. As simple as that. It is a political impossibility to demand that the people pay the debt. We have said that this is a moral impossibility. It is also unnecessary to go into this issue that was presented here with so much strength by everybody, especially by the Christians. This is one element we have standing out.

There can be cases, we admit that, of credits that were invested in useful projects. A small portion was invested in useful projects, but we all know that most of it was invested in weapons, was wasted, was misapplied, and misused. We know that a large portion got away; it did not even reach Latin America.

I think it was Liber Seregni who pointed out that the Latin Americans had deposited $160 billion abroad. That is a conservative estimate, it is probably a higher amount. Under those economic conditions, there is a flight of capital. There is constant inflation, weakened currency, an overvalued dollar, high interest in the United States, there is not a penny left. There is nothing left.

The flight of capital continues, at a rate of approximately $10 billion per year. In one country, I believe it was Venezuela, the World Bank reported that for each dollar that was loaned, $1.23 left the country. There, not only did that $1 never reach the people, but $1.23 was taken out of Venezuelan exports or reserves. Will that money return? What are the possibilities? Will it return under the present circumstances? Who can dream of creating those ideal conditions, perfect conditions, so attractive that the generous money will return? Will the money return by itself, to the countries, walking, swimming [laughter] swimming against the current of the Gulf? [laughter]

Nobody believes that. Can you imagine that? That is utopic. All these things are idealistic, utopic, but not what we are proposing. Well then, what became of that money? From whom are they collecting this money? I could give you some examples that are heartbreaking. For example, when Edgardo Enriquez [not further identified] said at this podium that why should he have to pay the money that was given to Pinochet to murder his children, his grandchildren, and to make other relatives disappear? An Indian companera from Ecuador said here that her community had received, perhaps, just one school, and now they had to pay.

Many persons explained all of these aspects. Somebody said, I think it was a delegate from Belize, that the British established that gambling debts are not paid. [laughter] There you have a legal argument.

I have cited the example of someone borrowing $1,000, he then goes to a casino, gambles it, and then the casino wants to collect the $1,000 from his 5-year-old son. This is not moral. It cannot be allowed. It is very important, and it is not a matter that it cannot be paid. The fact that it cannot be paid is a very strong argument, but that it should not be paid is an even stronger argument. [applause]

Someone here also said, and it was repeated, that it violates the most basic human rights. In the Western Hemisphere people talk so much about human rights, but it turns out to be using their own methods, they are murdering thousands of people every day. I have pointed this out to the Americans. Who is to be blamed for the millions of children less than 1 year old who die in Latin America? Before they turn 1 year old, these children die. In this same room, during the Pediatricians' Conference, the UNICEF director said that the rest of Latin America should have the levels of public health that Cuba has, with an infant mortality rate not higher than 15 -- which was last year's figure here in Cuba. Out of 1,000 children born, only 15 die before they reach their first birthday. We have reduced the infant mortality rate for children between the ages of 1 through 5 to 15. We have extended the levels of living so that it will be equal to the United States. We are competing with them in public health rates, in spite of the fact that we are a Third World country. We are doing this through the efforts of our doctors, our nurses [applause] because the revolution has cared for the health sector, because we have no undernourished, barefoot, or begging children. We have no drugs, no prostitution, no gambling in this country. [applause]

That is why during a recent conversation with Freddy (Beto) I told him if the church were to establish a society, it would make a society more or less similar to the one we have. I do not think the church would accept prostitution, gambling, or drugs. [applause] What can have more moral strength than the human work done by a revolution? It keeps women from the tragedy of prostitution, because you know that is a terrible scourge in our countries, as are drugs and gambling. Then, there are the problems of unemployment, poor public health, and illiteracy.

As the UNICEF director said, if the Latin American countries had the levels of public health of Cuba, 800,000 children would be saved every year. And if the director of UNICEF, an organization of the United Nations, says that, I wonder: Who is killing those 800,000 children less than 1 year old every year? [applause]

Who is killing another 1 million children between the ages of 1 and 15 years? Who is reducing the life spans to 40, 45, 50 years in so many places, and for centuries? That it has been and continues to occur casts shame on all of us. That is the exploitation and colonialism of yesterday and the imperialism of today. Don't these lives count? And the millions that grow up with mental retardation or physical defects? Who is causing all of this? Who is to be blamed, who is responsible? If we are going to analyze these problems with logic and principles, we must say it is imperialism. That is why we said they are going to starve us to death. Whose fault is it that there are 110 million unemployed and underemployed? Who is to be blamed for that? We must begin by finding the guilty party.

It is not enough to point out figures and statistics, but we must ask why and how much longer can this situation last. It is now clear that the collection of this debt, that the unjust system of economic relations is the most flagrant and brutal violation of human rights that one could ever imagine. It has been said here that the debt has already been paid, and paid several times with what they steal from us. Last year alone, they stole from us $20 billion as a result of that unequal exchange, $10,000 in flight of capital, $37.3 billion in interest, from $4,000 to $5,000 in the over valuation of the dollar, and this is not including -- [changes thought] It is 70 billion in just one year. [all figures as heard] Seventy billion have been sacked, 10 billion entered in investments, in some loans, and 70 billion left. They can be accounted for, and we have not accounted for the damage done with the protectionist measures, with the dumping [preceding word in English] and all those practices they carry out against our budgets.

Can a hemisphere have a future under these conditions? Can such a system be justified? But, then there is also the moral point of view. It was the Third World, and particularly Latin America which financed for centuries the development of Europe and the United States.

For example, Guayasamin spoke here of those silver and gold mines, the Potosi and so many other gold mines, and it was not 4 million who died, as he said. In Mexico, there were 6 million people when the Conquistadores arrived, and a few years later, there were only 2 million people. In Mexico alone, 4 million were killed in the years following their arrival, due to the ill treatment, exploitation, slavery, and even the diseases the Europeans brought with them. It is not just 4 million persons, it is thousands of millions who have died in slavery. This is not only from Latin America, but from Africa. As in the United States, where slavery lasted 1 century after the famous declar- declaration that says all men are born equal and [Castro hesitates] the Creator granted them all certain rights to life and liberty. Rights, yes, but for the European whites. No rights for the slaves, the enslaved men they brought from Africa. No rights for the Indians who were exterminated even after the famous Declaration of Independence, and after their self-evident rights.

Who financed the development of United States? The slaves.

We have indirectly contributed to financing Europe. We have done this. We, the countries of the Third World, have historically financed the developed capitalist world. Then why cannot the debt be voided right now? Now we have to pay them.

I remember now that the companero from Haiti said the slaves had to pay an indemnity to the slave owners for their freedom. The slaves were brought from Africa. They were separated from their families. They were killed in a thousand ways. They were treated in the worst way a human being can be treated. They were exploited, and then they had to spend 100 years paying the settlers an indemnity for their freedom.

I believe that we must conquer our freedom and not pay any indemnity to any of our oppressors. [lengthy applause]

Here we have spoken about legal arguments. Lopez Michelsen spoke about the impossibility to pay. Somebody else spoke about reasons of a more important nature. To all these moral, political, and economic reasons, we can add many legal reasons: Who signed the contracts? Who is sovereign?

On the basis of what concept can it be said that the people committed themselves to paying and that they signed for the credits and received the credits? Most of those credits were secured by repressive military dictatorships that did not consult the people.

Do the debts and the commitments of the peoples' oppressors have to be paid by the oppressed? This is the moral and philosophical basis of this idea.

The parliaments were not consulted. The principle of sovereignty was violated. What parliament participated in this debt-signing process and knew about it? Who knew about the discussions? Where did they vote?

They have mortgaged Latin America to such an extent that it owes more than $15,000 per sq km. And one has to ask: Who mortgaged Latin America? Was it the people? Who exercises sovereignty? Who has sovereignty? How can there be a commitment behind the back of the people's sovereignty. [applause]

Here we have talked about continuity. There will be continuity, but not because we create an organization here. No. We have strictly abided by the rules. Not a single declaration has been issued. The countries have made many statements but we have strictly abided by the convoking document. But this is a movement. Soon there will be a meeting of parliamentary people in Uruguay, from 10 to 13 October, to discuss the foreign debt.

This will be a wonderful integrationist and unitary opportunity. The parliaments will be going there to discuss a debt that they did not approve, and they will analyze the problem. I believe we can give that parliamentary meeting much support since we understand the huge importance of that event.

I think this will be the next very important event to create awareness about this problem. So any way you look at this matter, the reasons are very solid, very strong, indisputable.

This problem affects the entire world more than any other problem. The women, those of you who are here, the workers, the peasants, and the middle class have pointed out how this situation affects everybody.

We have not been presenting subversive positions. We have not been calling for a social revolution. We have said, on the contrary, that we cannot wait for socialism to come first to solve this problem. This is an urgent problem right now, a problem that we have to resolve. In order to resolve it, we have to unite all the sectors, except that insignificant minority that has sold itself out to the international financial capital, that has sold itself to imperialism.

We have room for everybody, not only for the industrialists who have spoken here. There is room for [word indistinct], businessmen, farmers. There is room for all. This is the good point of this struggle. This can, and must, be a very broad struggle in order to solve these problems, that cannot wait until our people have socialist awareness and there are the necessary subjective factors, which are now running behind the objective factors. Even if we were to advance rapidly, it would not be, in my opinion, wise at a moment when we will be waging a decisive battle for the independence of our people. What can be said of a government that every month has to check with the IMF about what it has to do in its own country? Such independence is fiction.

We view this as a national liberation struggle that can, for the first time in history, join together all social sectors in a struggle for independence.

We cannot say that socialism has to be a requirement. We are not recommending socialism. Of course, we are not advising against it. [laughter] What I don't think is right is to make this the main issue.

This situation will create awareness in the people. I think that as the people gain awareness, we will be getting closer to socialism. I think that in the future there can be a socialist society, but it would be a mistake to present socialism as an objective now.

There is an urgent problem that must be resolved. I believe that if the workers, the peasants, students, intellectuals, and businessmen clearly understand the problem, then the traitors and those who are at the service of imperialism can be isolated.

I think that what is coming are measures that allow not a single penny to get away. I can say that in this country, in 26 years of revolution, not one single penny has gotten away. Here, there is no billing for overcharges. Nothing like that. And this is not what we are proposing.

Under current conditions we will have to adopt measures aimed at avoiding waste, the flight of capital, and so forth.

As a rule, we have avoided discussing the internal affairs of the countries while analyzing this problem. We have suggested the general principle of unity, unity among countries, unity among the Third World countries, but we have avoided this other issue. It would be senseless, and it would not be prudent to make recommendations regarding this matter.

This does not mean that we are going to renounce our revolutionary ideals or our socialist ideas. I repeat, in essence, we view this as a great struggle for national liberation against powerful forces and the fact that we can generate enough force to carry out this struggle. In the next few months we will be able to see what happens. The evolution of the crisis; what is going to happen. I think that we must create awareness.

Admirable words have been spoken here; very encouraging messages have been heard. For those who may say that our ideas are radical, here you have the letter written by Cardinal Arns, the archbishop of Sao Paulo. You heard it read, you saw the letter. With your permission I will once again mention its contents. After all that has been said, it gains more worth:

1. There is no real way in which the Latin American and Caribbean peoples can assume the responsibility for the burden of the payment of the huge debts contracted by our governments. It is not even feasible to continue to pay the high interest rates at the cost of our development and welfare. The problem of the debt, before being a financial one, is basically a political problem and that is the way it must be dealt with. The accounts of the international creditors are not the ones at stake. However, what is at stake are the lives of the millions of people who cannot continue to experience the constant threats of recessive measures and unemployment that only bring misery and death.

Human rights demand that all men of goodwill of the continent and the Caribbean, all the responsible sectors, join in the urgent search for a real solution to the problem of the foreign debt. They should join as a way to preserve the sovereignty of our nations and protect the principle of our governments' main duty, which is with the people they represent and not with the creditors.

The intransigent defense of the principle of peoples' self-determination demands an end to the interference of the international organizations in the financial administration of our nations. Considering that a government is a public organization, all agreements signed with international organizations must be brought to the knowledge of the public immediately. We could ask for something more, that all discussions of the IMF and the World Bank be carried on the radio and television just as we have carried our dialogue of these past few days. [applause]

5. [number as heard] It is urgent to establish the concrete bases for a new international economic order that will eliminate the unequal relations between rich and poor countries and ensure the Third World its alienable right to choose its own destiny, free of imperialist intervention and of exfoliative measures in the relations of international trade.

They say that the ideas I am defending are radical ideals; fine, I support, 100 percent, these five points presented by this illustrious cardinal, son of Brazil, cardinal of Sao Paulo. [applause] I support them 100 percent. I hope that they will no longer continue to say that these are extremist ideas. I would even add a sixth point to them, and this would be economic integration of Latin America, and a seventh point, the intentions of which are obvious. This is a struggle of the Latin American and Third World peoples for the lives of 4 billion people who suffer the consequences of this unjust order throughout the world.

We have not issued a document and there is no need for this. The objective of the meeting was not to issue a document but rather to create awareness. This was the main objective of this dialogue, and I truly believe that we have created awareness, a strong awareness. Even those of us who have been working on this for some time feel stronger, more convinced, and more sure, after hearing tens upon tens of brilliant speeches by persons who have demonstrated their great capacity. It has truly been a prize, a rewarding gift for our people who have closely followed, day after day, hour after hour, minute after minute, this dialogue. We are truly grateful.

What we needed was this awareness. No church was born from a document; independence of the peoples of Latin America was not born from a document; at a certain time and moment the churches, the great spiritual and political moments were born from a crisis and an awareness. We are facing such a crisis now, and we have created an awareness. I am sure, as you are sure, that our movement, our struggle, will march forward and that we shall attain victory.

CASTRO'S REMARKS ON MEXICO, VESCO, ASSASSINATION

FL051634 Mexico City NOTIMEX in Spanish 0020 GMT 5 Aug 85

[By Silvia Sayago]

[Text] Havana, 4 Aug (NOTIMEX) -- Cuban President Fidel Castro said today that Mexico avoided sending an official delegation to the Latin American conference on the foreign debt because, under present circumstances, it had to be prudent and cautious. He said the government of President Miguel de la Madrid did not object to Mexicans attending this conference unofficially. In this way Castro excused Mexico's not sending official representatives because it is normal that Mexico will behave this way given its present situation.

Earlier, Castro had scolded a newsman to whom he had said in private that Mexico is a country that has been traumatized by the continuous imperialist interventions it has suffered throughout its history. The Cuban president said that what he said in private should not be repeated in public. A little later, he said that it is a historical fact that Mexico has been despoiled of one half of its territory through hostile acts and real imperialist intervention along the 3,000 km of its border with the United States and even on the Gulf of Mexico.

Fidel Castro denied reports that Costa Rican financier Robert Vesco is imprisioned in Cuba. He said that Vesco, who is wanted in the United States for income tax evasion, is living in Cuba because he went to Cuba for help and decided on his own to live there. Castro scolded the U.S. newsmen that covered the conference for trying to distract world opinion from the conference by bringing up the Vesco case instead of reporting objectively.

The Cuban leader said he could not assure that he would attend the parliamentary meeting in Uruguay because now more than ever he must take precautions against a probable assassination attempt, because the powers are worried about Cuba's attitude toward the Latin American foreign debt. He said that Yankee hypersensibility makes its European allies believe that Cuba is brandishing the banner of debt that the peoples should take up without pressure, and what my government has done has been simply to make people aware of the problem.

He denied that the continental conference on the debt held recently in Havana had any intention of boycotting the investiture of Peruvian President Alan Garcia, as the American Voice of America had reported.

BARBADOS

PRIME MINISTER MEETS WITH BRITAIN'S THATCHER

FL031703 Bridgetown CANA in English 1647 GMT 3 Aug 85

[Text] Bridgetown, Barbados, Aug 3, CANA -- Barbados Prime Minister Bernard St John discussed Caribbean and international issues with the British Prime Minister Margaret Thatcher during a meeting last Thursday, a government statement said today. It said the topics included the Falkland Islands and South Africa.

St John has been in Britain since July 20 for his first official foreign trip since taking office as prime minister in March. He has signed a U.S. 25 million dollar syndicated loan to support local development projects and promoted the island as a tourist destination. He also made a brief stopover in Ireland to meet with potential investors.

GRENADA

FINANCIAL ASSISTANCE AGREEMENT SIGNED WITH EEC

FL031358 Bonaire Trans World Radio in English 1130 GMT 3 Aug 85

[Text] Grenada and the European Economic Community have signed an agreement this week that will provide nearly $3 million in aid to the tiny spice island. The agreement was signed by acting Prime Minister Ben Jones and a 5-member delegation from the EEC. Most of the financial assistance will be in the form of a grant that Grenada will not have to repay. The money will be used to improve roads.

GUADELOUPE

FRENCH GOVERNMENT ON STRIKE MEDIA HANDLING

FL051721 Bridgetown CANA in English 2143 GMT 4 Aug 85

[Text] Pointe-a-Pitre, Guadeloupe, Aug 4, CANA-REUTER -- The French Government today ordered an investigation into reporting of a six-day general strike last month on this French Caribbean island, charging that media coverage had contributed to violence. Freedom of expression on the airwaves is not compatible with calls for riots, violence, and even murder, Secretary of State for Overseas Territories Georges Lemoine said during a one-day visit to the island.

The strike, which brought Pointe-a-Pitre to a complete standstill, was organised by separatists campaigning for the release of an imprisoned pro-independence militant.

Many people have been misled in the name of liberty, he said before leaving for the French island of Martinique. Lemoine's charges of provocation appeared to be directed at newspapers and radio stations run by separatist groups on the island, which is ruled as an integral part of France from Paris. The strike ended after clashes between riot police and separatists manning barricades when jailed militant Georges Faisans was ordered freed on July 29 by an appeals court.

PARAGUAY

ROK SPECIAL ENVOY DELIVERS LETTER TO STROESSNER

SK030051 Seoul THE KOREA HERALD in English 3 Aug 85 p 1

[Text] Minister of Government Administration Pak Se-chik Friday visited Paraguayan President Alfredo Stroessner in Asuncion to discuss the promotion of friendship and cooperation between Korea and the South American country. The Ministry of Foreign Affairs said, quoting a report from Asuncion, that Pak delivered President Chon Tu-hwan's letter to the Paraguayan leader. Pak is currently visiting the country as Chon's special envoy.

President Stroessner was quoted as saying that he would like to visit Seoul in the near future and that Korea and Paraguay should be firmly united in their fight against communism.

Pak also met with Trade Minister Delfin Ugarte Centurion who proposed that Korean industries take part in the development of Paraguay's agriculture. The Korean minister received a Grand Cross Medal from Foreign Minister Carlos Augusto Saldivar at the Foreign Ministry.

Signs Exchange Notes, Departs

PY022319 Asuncion PATRIA in Spanish 2 Aug 85 p 12

[Excerpts] ROK Government Administration Minister Pak Se-chik, who has been declared an official guest by the national government, on 1 August visited the Lorean cemetery in Capiata. He and Foreign Minister Dr Carlos Augusto Saldivar signed exchange notes formalizing a 150-million-guarani donation by the ROK to the Paraguayan Government for the purchase of Korean-made goods to be ordered by the Paraguayan Government. The notes were signed during a ceremony held at 1100.

After a fruitful stay in our country, Minister Pak Se-chik left for his country at 1445 on 1 August. He was seen off at the airport by Interior Minister Dr Sabino Augusto Montanaro, Industry and Commerce Minister Dr Delfin Ugarte Centurion, and by distinguished Paraguayan individuals. Military troops also participated.

SURINAME

PARLIAMENT CONFIRMS BOUTERSE AS OFFICIAL LEADER

FL052005 Bridgetown CANA in English 1636 GMT 5 Aug 85

[Text] Paramaribo, Aug 5, CANA-REUTER -- Suriname's nominated parliament has approved a law formalising the position of Lieutenant Colonel Desi Bouterse as official leader of the government. The 31-member National Assembly approved a bill on Friday which established the Council of Ministers and above it the Military Council as the organs of government of this former Dutch colony in South America. Bouterse, who has been Suriname's de facto ruler since coming to power in a bloodless coup in 1980, was made chairman of both these bodies. Lachmitersad Ramdat Misier stays on in the largely ceremonial post of president, and Wim Udenhout continues as prime minister.

The National Assembly, which includes representatives of the Army, trade unions, and business leaders, is due to draw up a new constitution for Suriname by the end of March 1987.